

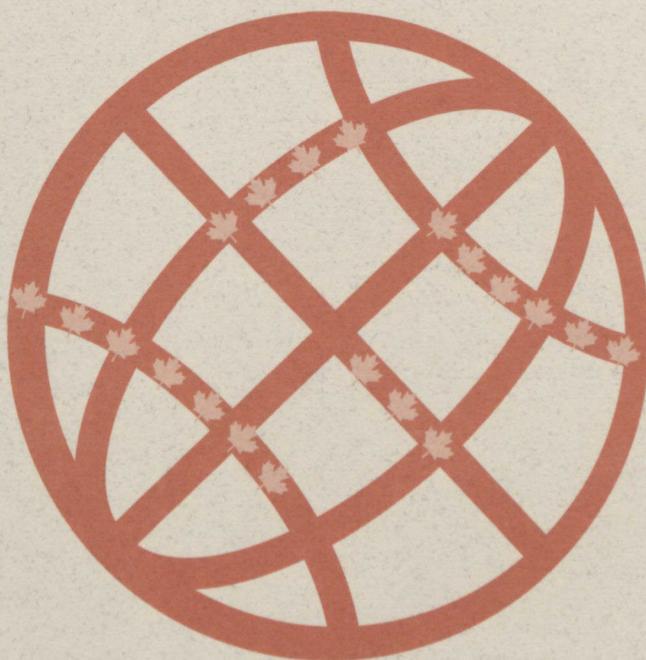
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COMMONWEALTH IN THE 3RD MILLENNIUM
COLLOQUIUM
1998
The Royal Commonwealth Society





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The Royal
COMMONWEALTH SOCIETY
La Société Royale du Commonwealth

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COMMONWEALTH SOCIETY
La SOCIÉTÉ ROYALE du COMMONWEALTH

The Royal Commonwealth Society

This is a collection of presentations made at the 1998 Colloquium in Ottawa. Topics discussed at the Colloquium included: Trade in the new millennium; the Commonwealth's major projects; proposed reforms to governance and the Commonwealth; Commonwealth's reform of governance; Commonwealth's cooperation in health and population challenges; decentralisation; democratisation and empowerment at the local level; and education. Speakers included: The Hon. Su Hui-wei Maud, KCMG, Commonwealth Deputy Secretary-General (Economic and Social Affairs); Mr. T. G. Plumptre, Senior Vice President, Trade Finance and Correspondent Banking, The Bank of Nova Scotia; Murray Burt, International President of the Commonwealth Journalists' Association; and Lewis Perkins, Senior Advisor, External Relations, The Commonwealth of Learning. The report was prepared by the Commonwealth of Learning.

THE MILLENNIUM CHALLENGE

A COMMUNIQUÉ

from the

THE COMMONWEALTH IN THE 3RD MILLENNIUM COLLOQUIUM

Ottawa
March 15, 1998

The Commonwealth in the 3rd Millennium Colloquium
1998

The Royal Commonwealth Society

This is a collection of presentations made at the 1998 Colloquium in Ottawa. Topics discussed at the Colloquium included: trade in the next millennium; the Commonwealth's image problem; a proposed agenda for governance and the Commonwealth; Commonwealth technical co-operation; Commonwealth co-operation in health and population challenges; decentralisation, democratisation and empowerment at the local level; and education. Speakers included: The Hon Sir Humphrey Maud, KCMG, Commonwealth Deputy Secretary-General (Economic and Social Affairs); Mr. T. G. Plumtre, Senior Vice President, Trade Finance and Correspondent Banking, The Bank of Nova Scotia; Murray Burt, International President of the Commonwealth Journalists Society; and Lewis Perinbam, Senior Advisor, External Relations, The Commonwealth of Learning; the Population Council and CIDA. The presentations raised many issues and resulted in a few recommendations for the Commonwealth. For instance, it was noted that, while the Commonwealth has advantages to offer the 3rd millennium (techniques of consensus-building and quiet diplomacy), it suffers from weaknesses resulting from the failure of its members to meet resource commitments and to demonstrate the necessary political will. With respect to economic development and trade, the Commonwealth has an important role to play in transferring assistance and building stronger knowledge networks. The member states were urged to adopt guidelines regarding government and justice embodied in the Singapore, Lusaka, Harare, and Edinburgh declarations. Among others, it was recommended that the Commonwealth:

- continue helping member countries strengthen core government institutions and their functions, especially regarding policy formulation, implementation and coordination, finance and audit, civil service and law reform, in recognition of the linkage between governance and development, and to extend its activities to defend and promote freedom of expression;
- explore means to correct the misbehaviour of police and enhance mutual understanding between police, the media and human rights activists;
- share resources and assistance in education and learning; to reduce tuition fees;
- support small states and islands as they face challenges in the global economy, sustainable development, illicit drug trade;
- raise the profile of the Commonwealth and to act on the erosion of respect for basic human rights and democracy in Nigeria;
- give greater priority to sustainable development, environmental and population issues;
- urge members states to establish National Human Rights Commissions and to improve access to education by girls and women.

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COMMUNIQUÉ

of the
Ottawa Colloquium on the Commonwealth in the 3rd Millennium
20-22 February 1998

This Communiqué synthesizes the views and opinions expressed by delegates in presentations, discussions and written submissions to the " Commonwealth in the 3rd Millennium" colloquium organized by the Royal Commonwealth Society (Ottawa Branch) in collaboration with the RCS Canadian National Council, held in Ottawa, Canada, February 20th to 22nd 1998.

1. In a world fraught with conflict and divisive elements, the Commonwealth has proven itself to be a gentle, yet strong force for decency, peace and good government. We believe it must increase that influence and example as the human family faces unprecedented challenges in the new millennium.
2. We believe that the Singapore Declaration of Commonwealth Principles, the Lusaka Declaration of the Commonwealth on Racism and Racial Prejudice, the Harare Commonwealth Declaration, the Edinburgh Economic Declaration, together with the Millbrook Commonwealth Action Programme, provide a necessary framework for action in the 3rd millennium by both governments and civil society. But inspiring declarations and programmes are not sufficient. Words must be given meaning by deeds.
3. We further believe that the challenges of the 3rd millennium present an opportunity which the Commonwealth cannot and must not let pass. It has certain advantages:
 - it is unique among international associations in its techniques of consensus-building and quiet diplomacy; and
 - it is well-placed to make a difference in promoting democracy, building capacity and defending human rights.

But these advantages are mitigated by certain weaknesses:

- its members have failed to meet their commitments to furnish the resources needed for its programmes;

- nor have they always shown the political will to fulfill the commitments to action to which they have signed up; and
-
-
- it has failed to get its message across effectively to the intelligent young and to the media.

4. We challenge the Commonwealth to take practical and well-focused measures which will demonstrate in a practical way the core values expressed in its Declarations and Action Programme. It should take the lead in helping make economies socially accountable, societies racially equitable and gender egalitarian, and the human race ecologically responsible.

5. We urge member countries to restore the Commonwealth Fund for Technical Cooperation (CFTC) at the very least to its 1991 level, in real terms.

Economic development, business and trade

6. The increasingly important role played by regionalism in the development of the global economy has implications for Commonwealth countries, both individually and as a group. Nearly every Commonwealth country is now a member of one or more regional trade groupings, as well as belonging to the World Trade Organization (WTO). How does membership in these bodies affect members' national development strategies, and what implications does this have for their interests in the Commonwealth? Commonwealth countries are generally not important trading partners. Is economic regionalism and the Commonwealth compatible, and if so, how can one be made to strengthen the other?

7. These developments are forcing countries outside the major trading blocs to develop new approaches to trade and development. Small businesses will increasingly have to use synergy to overcome the inhibitions of operating in restricted local markets; the low cost of air freight and fiber optics means that teams of small local firms can market globally. We call on the Commonwealth to help share best practices in local and regional cluster development. We call on member countries to collaborate on policy and sharing experience, though some may be at odds within international forums over issues such as free trade, government setting of economic priorities and government support for local and national industries.

8. Growth is a necessary but not sufficient condition for resolving social development problems. Economic growth can generate the wealth needed to address them, and to share wealth sustainably; and increased trade can maximize these benefits. The Commonwealth has an important role to play transferring assistance, brokering collaboration and sharing of experience and through development and technical aid. In other words, its primary function should be building stronger knowledge networks.

9. Highly interactive, highly wideband communication will stimulate increased international interaction and collaboration, essentially removing all physical boundaries from the workplace.

An intellectual economy, based more on services than on goods, is coming into being, and it requires a new vocabulary that is values-based, not cost-based. It also requires new thinking on how to deal with the speed of decision making and of accumulation of information embodied in this new economy. The Commonwealth can assist in building interactive knowledge networks for the transfer and collaborative development of skills, and can provide forums for the discussion of emerging issues.

Government and Justice

10. The member countries of the Commonwealth share a rich legacy of laws, institutions, and legal values including the rule of law, independent courts, the adversary system, an independent bar and the ideal that no person is above the law. From these core traditions, the Commonwealth has gradually developed a code of principles which now seem more susceptible of consistent application. At the same time, many member countries have adopted innovations which they believe better reflect their local needs. In some cases, such as the Native sentencing circles in Canada, these innovations maintain respect for the rule of law; in others, such as in Nigeria, they openly defy human rights.

11. Civil society is grounded in this general Commonwealth tradition, and has taken on new prominence with the end of the Cold War and the outbreak of local conflicts. Democracy is more than the economy, and more than political parties and elections. The leadership of a democratic society is trained and recruited in the institutions of civil society, which can hold government accountable and provide genuine expression of local concerns and needs. While civil society associations need help from external bodies such as the Commonwealth, they are not delivery mechanisms for donor agencies or governments. The best and most successful international links are those between civil society organizations in one country and those in another - professional bodies, youth associations, women's organizations.

12. We urge the Commonwealth to press member states more forcefully to adopt the guidelines embodied in the Singapore, Lusaka, Harare and Edinburgh Declarations, together with the Millbrook Action Programme, as a framework for the continuing development of their legal and justice systems. At the same time, the institutions of civil society deserve stronger support. The recently-published NGO Guidelines of Practice should be widely distributed to help NGOs in their efforts to make governments accountable for implementing their Declarations.

Government

13. We believe that the Commonwealth's greatest tool is its political, as opposed to technical, influence. We urge it to continue its work helping member countries strengthen core institutions and their functions, because improvements in governance are critical to development. The key roles of government include policy formulation, implementation and coordination, finance and audit, and civil service and law reform. These create and strengthen the legal institutions which regulate the promotion of democratic structures and multiparty systems. We challenge

governments to become more fully involved in the process of governance, the unofficial "People's Commonwealth" of numerous people's organizations, towns, village councils, the self-employed and women's associations. They must also find creative ways to promote the role of the private sector in democratic development.

14. The informal atmosphere of the official Commonwealth "club" both assists and detracts from its addressing hard core issues. On one hand, its pragmatism and avoidance of grand theories enable it to work with opposition parties and NGOs, as well as governments, in the interests of member states to defuse conflict. The CFTC, for example, contributes to good governance through its flexible approach and impartial advice. On the other hand, there is a need to address abuses more rapidly. In this regard, the suspension of Nigerian membership has been a watershed in support of democratic government. We believe that the Commonwealth must be diligent about the standards of democracy in other member countries, as well.

15. We are gravely concerned that none of the Commonwealth declarations nor the Millbrook Programme of Action refer to freedom of expression. Journalists suffer abuse every day in many member countries, with little recourse nor any substantive actions by the Commonwealth. People must have the right to oppose. We urge the Commonwealth to extend its activities promoting democratic governance to explicit defence and promotion of freedom of expression.

Justice

16. The Edinburgh Declaration emphasizes that democracy, good governance, sustainable development and respect for human rights and fundamental freedoms are interdependent and mutually reinforcing. We believe that implementing the Millbrook Action Programme would bring about a qualitative change in improving the conditions for better enjoyment of civil, political and economic human rights.

17. We urge that those Commonwealth countries without National Human Rights Commissions establish them as soon as possible. We call on those that have not ratified, acceded to or adhered to the International Covenant on Economic, Social and Cultural Rights, especially its Optional Protocol, to do so at an early date.

18. We welcome the work of the Secretariat's Legal Affairs Division in promoting mutual legal assistance agreements, and in particular in helping smaller states with these matters. We believe the Commonwealth can play a further role through the Commonwealth Foundation and, in cooperation with the Commonwealth Lawyers Association and other NGOs, in exploring developments in restorative justice as opposed to retributive justice, to deal with conflicts and to empower communities to deal with justice in their own ways. All member countries should follow closely Malawi's experiment at reform of its judicial system with the introduction of a participatory Code of Judicial Ethics.

19. Police are both the protectors and guardians of citizens' rights and the instruments of law enforcement which can remove the same rights. Their actions determine whether internationally

espoused principles of human rights and fundamental freedoms, including civil and political rights, have any meaning. The Commonwealth should help member countries to ensure that they exercise their power according to law and respect the dignity and worth of every human being.

20. We recommend that the Commonwealth explore various means to correct police misbehaviour, such as community policing, civilian oversight of policing, judicial response to police violation of standards, and human rights training. We encourage the news media to exercise vigilance in these matters.

21. Experience has taught us that police are generally unaware of their obligations under national and international law in respect of human rights, but that informal meetings of police officers with members of the media and human rights activists can enhance mutual understanding. We encourage the police agencies of Commonwealth members to use the UN Manual on Human Rights Training for Police and the Commonwealth's own similar manual, and recommend the formation of a police organization dedicated to ensuring that the law enforcement agencies of the Commonwealth fulfil their role as guardians of human rights and the rule of law. It could undertake such projects as human rights training for teachers at police academies, developing a code of conduct for Commonwealth police officers, and a program of special awards or recognition of excellence by police in observance of human rights.

Education

22. An educated citizenry is necessary to develop and sustain open democratic societies. While the cost of providing appropriate education and training for all world-wide will be in the billions, the cost of not doing so will be even higher. The Commonwealth of Learning and other distance learning (DL) initiatives are demonstrating that distance teaching and learning offer a new delivery system that complements traditional institutions. As demand for education continues to grow, especially in developing countries, DL will become the most important means of reaching individuals. But technology by itself cannot resolve the problem: teachers and curriculum developers must be trained in appropriate design and delivery of materials and programmes. We call on governments to invest adequate funds in DL, and to integrate open and distance learning into the education mainstream, as has happened in India and South Africa. The Caribbean experience with DL offers another model to further strengthen educational opportunities. Governments and educators must encourage minimal standards of good practice and the recognition of credentials.

23. Education must focus on human development, the creation and use of technology, the application of scientific knowledge, and the enhancement of culture and dignity. Girls and women must have improved access to education to bridge the gap between men and women. Increased resources (including scholarships), flexible timetables, second chance programmes, increasing the number of female teachers and awareness-raising are measures available to local and national governments. The Commonwealth as a "family of wealth" should share resources and assistance to improve teacher training, develop curricula, produce teaching materials locally, and help

develop strategies to motivate teachers. This sharing is best done through contacts between school boards and other local authorities.

24. The Commonwealth should be a leader in promoting education for all. In this vein, it should continue to press the major host countries to reduce tuition and other fees charged to Commonwealth students, and press the Canadian government to ensure that Native Peoples have access to education appropriate to the modern economy. More generally, the "formal" Commonwealth should collaborate more effectively and broadly with the informal Commonwealth - associations, civil society and the private sector - in its efforts to support education at all levels.

25. We welcome the Symons Report *Learning from Each Other: Commonwealth Studies for the 21st Century* for its frankness concerning the state of knowledge and understanding of the Commonwealth. We urge that its recommendations be implemented.

Local government

26. Nowhere has democracy worked well without a great measure of local self-government. Its importance in both its management and administrative functions and its role in promoting political self-governance has only recently begun to be recognized. A few countries, such as the Republic of South Africa and Uganda, understand that local government is not just a service delivery mechanism, and enshrine it in their Constitutions. We call on all Commonwealth members to follow this example.

27. Local government works directly with civil society, and provides one means of its expression by promoting better standards of living, education, economic development and self-esteem. It contributes to sustainable development and peace-building by promoting local self-help and sharing best practices nationally and internationally. Modern telecommunications and shared knowledge can transform it into a real sphere of government, rather than simply a lower level dispensing services. It must be empowered; the mechanisms and tools are more important than declarations of intent. We believe that the Commonwealth can be a leader in strengthening and innovating governance by providing continued support for training of personnel and channels to develop more twinning arrangements among local authorities to share experiences and skills. Canada can play an important role between the Francophonie and the Commonwealth by linking francophone and anglophone municipal governments throughout the world.

28. We believe the Commonwealth has an additional role to play in support of local governments through its relations with other multilateral organizations. Specifically, we urge it strongly to persuade the International Monetary Fund to re-examine its reluctance towards the allocation of funds to municipal governments, and to offer the IMF advice on mechanisms for ensuring effective use of external assistance by local authorities.

Small states and islands

29. The experiences of Samoa, Malta and CARICOM in the Caribbean prove that small states can exercise effective sovereignty. To survive in the global economy, some small states have developed specializations, despite the risks associated with single-industry economies, developing niche specialties seems more effective than attempting diversification which is not solidly based on local expertise. Clusters of similar and related businesses in close proximity often spawn a high rate of new businesses. Local specialization provides an alternative to globalization.

30. Small states and islands face numerous challenges in their efforts to develop sustainability, such as the exhaustion of natural resources, a broad range of environmental issues, administrative capacity, inadequate physical infrastructure and corruption related to the illicit drug trade. Access through the Internet to information and specialized knowledge relevant to the ecological, economic, social and cultural aspects of development on small islands can help to address these issues. Organizing such access to information requires more than providing computers and communications infrastructure. Adequate funds, a national telecommunications strategy, leadership and expertise are necessary, as the example of the Network of Coconut producers (COCONET) demonstrates.

31. Tourism can contribute to development if it is built on environmental strengths and safeguards biodiversity. Ecotourism, which is increasingly popular, can, however, have detrimental effects on the local environment and ecology. The tourism industry as a whole requires a thorough management plan and careful monitoring.

32. The Commonwealth has been a supportive haven for the many small states and islands which make up almost two-thirds of its membership. It should continue helping them exercise their influence in international forums, as it did at the Kyoto climate change conference. We urge the Commonwealth to maintain its special focus on small states. In particular, it should provide funding to help organize access to information networks and developing the capacity to use them, as well as for the physical infrastructure of electronic networks.

33. The Commonwealth should assist the development of Codes of Practice and Codes of Behaviour for sustainable tourism development; for example, by developing a "passport" which gives responsible tourists access to fragile or protected sites.

34. The Commonwealth must continue to ensure the inclusion of its small state and island members in the development of education, the provision and sharing of information and promoting dialogue on best practices in many areas, and in events such as CHOGM and the Commonwealth Games, which give these member states important representation and support their sovereignty.

Communications within the Commonwealth

35. We deplore the low profile of the Commonwealth, and endorse the recommendations of Derek Ingram's *Review of the Commonwealth Secretariat's Information Programme*. While the Commonwealth is not a dominant actor in world affairs, it can influence debates significantly and

facilitate the resolution of stubborn problems because of its unique blend of membership, structure and traditions.

36. Students and young people generally should be priority targets in a renewed information programme, through events such as Commonwealth Day and the festival of Arts, Music and Dance at the Commonwealth Games. More effective support should be extended to Commonwealth Studies and to access to information and networking through the Internet. The Secretariat should more vigorously enlist the energies of Commonwealth fellows, local branches of the Royal Commonwealth Society and Commonwealth professional associations to spread the word.

37. The CFTC can play a critical role in moving away from a traditional donor-recipient relationship between richer and poorer countries to a more genuine partnership. With significantly greater resources, it can augment the bargaining power of member states in negotiations on such matters as access to markets, mineral development, debt levels, telecommunications, etc.. The Commonwealth must prioritize the Fund's objectives to focus on those activities where it can justifiably claim pre-eminence, and to cooperate with UN and other agencies in other areas.

38. We are dismayed at the erosion of respect for basic human rights and democracy. If the Commonwealth has nothing to say on Nigeria, for example, it will quickly become irrelevant. The official and unofficial Commonwealth should seize the opportunity of controversies surrounding such issues and provide the media with background material on how the Commonwealth uses consensus to address them.

Environment and sustainable development

39. Living in harmony with nature is a value which is central to many of the cultures of the Commonwealth. The Earth's environment cannot be preserved without sustainable development - the balancing and integration of social, economic and environmental factors to replenish the Earth's finite resources and support all manner of life.

40. Climate change, air pollution, poor water quality of oceans and freshwaters, emissions of hazardous and toxic wastes, and land use, ecosystems and biodiversity are among the key factors degrading the global and local environments and threatening the ecological equilibrium of our planet. Information concerning these and many other threats to the environment is readily available from a vast range of international, national, and local governments and organizations. We will not repeat these here, but we will call on the Commonwealth to respond to particular challenges.

41. First and foremost, the Commonwealth must truly embrace environmental preservation and sustainable development as a priority, and not treat it as a side issue for Commonwealth action. Areas in which it can make useful contributions include population growth, consumption

and sustainability; capacity development for sustainable development; urban environments; industrial eco-efficiency; and the unique problems of small states and islands.

42. The Commonwealth should stimulate the considerable political will and a resource commitment needed to address issues such as illiteracy, the role of women and poverty alleviation, and to examine the links between reducing population growth in the developing countries of the Commonwealth with reduced consumption in the organization's richer countries.

43. The Commonwealth must build the capacity for sustainable development among the cadres of political, NGO, economic, religious and social leaders of its societies and, within the very organization of the Commonwealth, itself by developing appropriate information bases and tools, and by integrating environment and sustainable development into more traditional functions and issues such as economic development, human resources development and functional cooperation.

44. We believe the Commonwealth can provide greater functional cooperation on urban planning by helping to develop databases and information linking poor urban areas; promoting appropriate technology transfer to reduce transportation-based air pollution; and providing better tools and management know-how for the protection of natural habitats. It should help governments to develop environmental laws and regulations which set a minimum common denominator for industrial pollution and promote the concept of eco-efficiency through the transfer of know-how and management tools.

45. The Commonwealth has a critical responsibility for small and island states which are particularly vulnerable because of their size, limited multilateral political influence and geography. They are susceptible to cross-boundary pollution, the effects of climate change, such as rising sea levels, and population growth, usually within a small land mass. The Commonwealth can be a voice in international negotiations for small developing states.

46. The Commonwealth is in a position to facilitate "bench-marking", to identify appropriate technology and information and to facilitate technical cooperation through the CFTC and the Commonwealth Foundation. It can act as a bridge in global climate-change discussions between industrial and developing nations. And it can help to focus discussions more on the environmental issues of the grass-roots poor, for example in African countries, and guard against the tendency to place the priorities of industrial society priorities at the top of the environmental agenda.

Population and Health

47. Enormous population growth has been the phenomenon of the past 200 years and is expected to continue for the next century and a half, then fall off as growth rates continue to decline sharply. Nevertheless, it is a serious prospect to contemplate a world with some 50% more people within the next thirty years. Add to this fact that the highest growth rates are found in areas of extreme poverty and the greatest health problems.

48. All in all a sorry picture. Can the Commonwealth play a significant role to mitigate the situation?

49. With problems of population and health being global in nature, we see the Commonwealth's role essentially as an intergral part of the effort of the larger international community. However, we do think there is a unique usefulness that comes from the Commonwealth's ability to draw on its family ties of influence, shared values and history of mutual assistance, friendship and understanding.

The Ottawa Branch of the Royal Commonwealth Society was privileged and honored to have been afforded the opportunity to organize the Commonwealth in the 3rd Millennium colloquium. We are grateful for the advice, intellectual input and financial support received from; The Canadian International Development Agency, The Canadian Centre for Foreign Policy Development, the Department of Foreign Affairs and International Trade, the Commonwealth Foundation , the Federation of Canadian Municipalities, Agora Communication and Pitney Bowes.

Background and discussion papers are available from the RCs - Ottawa Branch web site at:
<http://www.agora-group.com/rcs>

Colloquium: The Commonwealth in the 3rd Millennium

Royal Commonwealth Society, Ottawa
20-22 February 1998

THE COMMONWEALTH: THE CHALLENGES AND OPPORTUNITIES OF THE 3RD MILLENNIUM

Address by The Hon Sir Humphrey Maud KCMG, Commonwealth Deputy
Secretary-General (Economic and Social Affairs), Friday, 20 February 1998

Mr Chairman, your Excellencies, friends and colleagues. I am delighted to stand before your distinguished Society today. It is always a privilege to contribute to the work of what is the blue ribbon of Commonwealth NGOs; but particularly so when this is in Canada, which is in so many ways the cradle of the modern Commonwealth. I take this opportunity to salute the memory of a great Canadian, Arnold Smith, the Commonwealth's first Secretary-General, who did so much to shape our association.

My Secretary-General, Chief Emeka Anyaoku, would have dearly loved to have been here himself. But he is today on his way back from the South Pacific, and so can only be with us in spirit.

Readers of the works of Ben Okri will know that Nigerian spirits have a tendency to assume a life of their own and wander into unexpected places, so we should not assume that the Chief's physical absence necessarily means we can escape his immanent presence! But the penalty for you is that instead of a rich Nigerian baritone, you have to listen to a high Etonian tenor whose accents today have little place in Tony Blair's "Cool Britannia".

It is always a pleasure to come to Canada, even in the aftermath of an ice storm. When Prime Minister Macmillan came to Ottawa in 1919 he described this as the happiest 10 months of his life. "There was fishing: there was boating: there was swimming: there was flirting: and there was a little serious work". I see that in her fundamentals Canada has not changed much since then!

When your policy consultant, Dr George Post, wrote to us last month he perhaps rashly expressed pleasure that I would be bringing a "thoughtful message" from the Commonwealth Secretariat. I shall try to match that prescription, though I hope I may be allowed to share some reflections which are more likely to provoke than to soothe. If this is not entirely welcome, may I remind you that the mind is like a parachute: it works best when it is open.

I thought I would take advantage of my four and half years as a Commonwealth Deputy Secretary-General, first, to give you an idea of how the Commonwealth looks from its engine room in Marlborough House; secondly, to look at its strengths and weaknesses, and in particular to see how far the admirable language in which its principles are clothed is matched by its practice; and finally to offer some thoughts on the threats and opportunities it faces as the 20th Century closes. *Si les francophones entre vous y trouvent des échos de la division de l'analyse en trois plans chère à l'Ecole Nationale d'Administration française, tant mieux!*

As a former British diplomat of some 34 years standing, it was deeply refreshing to join the Secretariat as an international civil servant. One was casting off the world where the "Sir Humphreys" were expected to say "Yes, Minister" (or even "Yes, Prime Minister") at every turn, to plunge into the liberating environment of a multicultural organisation freighted with history, *triumphes et misères*. Since it has been the practice of the Canadian and other Commonwealth Governments to send their finest to work in the Secretariat, I found richly talented colleagues ready to steer me through the shoals of the Commonwealth's economic and social programmes. In my earlier diplomatic life, I had had some acquaintance with international economic relations: indeed I had cut my teeth on Commonwealth business at a Commonwealth Finance Ministers Meeting in the 1970s at which one Jean Chrétien made his international debut. But I had never been asked to deal directly with the health, education, women's affairs, youth, science and technology or the environment agendas as I encountered in Marlborough House. Not every Commonwealth Government thinks

that we should be involved in all of these areas: it is a matter of judgment when the butter gets spread too thin to taste! But Ministers have decided collectively that we should be so involved, and it has been exciting to try to prove them right.

It quickly became apparent that Commonwealth Governments, with the best will in the world, were not always able or prepared to give the Secretariat the means needed to achieve the ends they willed. The total budget of the Secretariat (today some £37m) is considerably less than would normally be administered by a single relatively junior official in Britain's Department for International Development. When the £24m of the Commonwealth's technical assistance arm, the Commonwealth Fund for Technical Co-operation (CFTC), so ably administered by my Canadian colleague, Mr Nick Hare, is subtracted, and our fixed costs of salaries and administration are similarly removed, the sum remaining for the direct costs of our programmes is by international standards ridiculously small (£3.8m).

The trend, too, is disheartening. Since 1991, the year of the Harare Declaration's new programme, resources have fallen by 25-30% in real terms. Worse still, four new members have joined or re-joined our association. I therefore have to spend a good deal of time explaining to our funding governments how we manage small pockets of money to ensure that each flows into an area of comparative advantage, where the Commonwealth can make a distinctive contribution. The effort of exposition often seems disproportionate to the sums in question. Successive reviews of our programmes have suggested that the money is well spent. And when we were asked last year to say whether we could spend a budget of £50m instead of £37m, and to identify projects to that end, we had no difficulty whatever in doing so: and late proposals had to be turned away.

In brief, we are well aware of public expenditure constraints on our funding governments. But we would hope that when our Heads of Governments' committed themselves at Edinburgh to reverse the fall in ODA, they meant it. If so, this would enable

more generous provision for the programmes they have asked us to carry out and an up-turn in a still-falling trend.

Our main task is to organise the consultation and collaborative functions which give the Commonwealth its strength and relevance. For me this has meant helping to run a series of ministerial meetings. Their conclusions form the mandates of the Secretariat's Work Programme. Often sitting on the Chairperson's right, I have had the chance to observe the Commonwealth in action: the good-hearted exchange of experience and willingness to listen: the humorous informality, enabling Kiribati to address Britain on a basis of absolute parity; small African states politely but pointedly lamenting Canada's withdrawal from the Commonwealth Science Council (CSC); St Vincent protesting with Caribbean eloquence at the loss of preferential access for bananas under the World Trade Organisation's (WTO) regime; John Major being lectured by President René of the Seychelles on the need to empower women - a series of illuminating vignettes which I believe could have occurred in no other organisation.

The overarching meeting is of course the Commonwealth Heads of Government Meeting (CHOGM), the last of which was held in October 1997 in Edinburgh. I was privileged to attend all the Executive Sessions but not of course the Retreat at St Andrews. I also played some part in the drafting of an Economic Declaration which with one exception was adopted as it stood by Heads of Government. All CHOGMs seek to have a landmark. Vancouver's in 1987 was the foundation of the Commonwealth of Learning (COL). At Edinburgh this Economic Declaration was declared by its Chairman, Tony Blair, to be a fitting complement to the Harare Declaration that was agreed in 1991. I will resist the temptation to lift the veil on the action off the pitch, the conspiratorial meetings which accompany every international meeting, but which at CHOGMs are particularly vivid and intimate. Monsieur Jean Chrétien, a veteran of Commonwealth meetings over the last 25 years, was his usual commanding self, while Mr Lloyd Axworthy made a notable contribution both as a member of the Commonwealth Ministerial Action Group (CMAG) and on his two visits to the Commonwealth Centre (organised by your

colleagues of the Royal Commonwealth Society), to further the debate with NGOs on the banning of landmines. If I may be personal, my task as Chairman of the Committee of the Whole (COW) which drafted the Economic Declaration was enormously facilitated by the unprompted and imaginative help I received from the Canadian delegation, headed by Mr David Malone.

So much for the inner workings of the Commonwealth. Let me now draw up briefly a balance sheet of the strengths and weaknesses of the contemporary Commonwealth, as seen from my desk in Marlborough House. Its assets are important. They include first its diverse, even heterodox and growing membership of 54 states - not, in the event, enlarged further at Edinburgh - a global sub-set which represents more than a quarter of the world's population, ranging from the mighty India to tiny Pacific islets - embracing all the rich tapestry of the world's races, religions, traditions and language groups. A world fragmented in interest groups and regional blocs needs the Commonwealth's model of unity in diversity.

Secondly, it has devised a *modus operandi* which works by the consultative and co-operative pursuit of consensus, giving its smallest members a voice in the ear of some of the world's major industrial nations, and providing technical assistance which is closely focused, flexible, and cheap and responsive for the recipient.

Thirdly, it also has a priceless historical network, whose commonalities of language, law, accountancy, academic standards and business practice, represent an invaluable if often latent asset - a legacy, not a construct. Witness the Commonwealth Business Council, offspring of the Commonwealth Business Forum which preceded CHOGM, which will now activate this network to promote trade and investment between our members.

Fourthly, it has accumulated a wealth of experience in dealing with a wide spectrum of political, economic, social and cultural questions on the global agenda. On the racial issues so ably described in Ali Mazrui's paper, those of Rhodesia and South Africa

leap from the page. Less dramatic but no less important is the Commonwealth's success in guiding military or one-party states into the path of pluralism and democratic practice, overtly in election monitoring exercises, more discreetly through the Secretary-General's good offices which have so often de-fused potential civil wars.

In the field of economics, the Commonwealth has a particularly credible record over debt relief, where the Commonwealth's support for British initiatives in 1990 and 1994 has already begun to reduce the burden of debt on those least able to bear it. Thanks to the Commonwealth, the issue of debt sustainability has been on the agenda of the IMF and the World Bank since 1966. Private investment flows to Africa, Asia and the South Pacific are already being augmented through the Commonwealth Private Investment Initiative (CPII) which Commonwealth Finance Ministers conceived, and a fourth fund in the Caribbean is likely to be established this year.

In the social field Commonwealth Youth Ministers will meet in May this year to endorse a Plan of Action on the empowerment of young people - and I am particularly glad to see so many young people with us today. This Plan will give new vigour to the work of the four regional centres through which the CYP's programme is delivered, enabling young people to participate in the national life of their country and win a hearing for their views. The innovative diploma for development now to be delivered by distance learning, owes much to the COL which British Columbia as well as the Government of Canada generously support.

The Plan of Action on Gender and Development devised by the Commonwealth, and launched at the Beijing UN Conference on Women in 1994, is now being implemented by Commonwealth Governments across the board, again with strong Canadian leadership. Our Health Programme fulfilling the mandates of the last ministerial meeting - the first ever to be hosted by South Africa - is so calibrated as to enable better resourced organisations like the World Health Organisation (WHO) to direct their funds into needy Commonwealth countries, with women, children and Aids

victims the particular targets. The programme for Women and Health received a special subsidy from Canada.

The last social sector is that of Education, the oldest field of Commonwealth collaboration. Here Commonwealth Ministers have asked themselves how the new technology can be used to improve the delivery of education at every level, and how the curriculum should be adjusted to accommodate the demands of technology in the work place.

This catalogue of achievements would be incomplete without mention of the environment, another area where Canada has been able to make a signal contribution. The IDRC under Keith Bezanson was a founder member of the Iwokrama International Rain Forest Programme in Guyana. We have now been able to raise US\$8.2m of core funding, to launch what can be seen as the jewel in the Commonwealth's crown in the implementation of the Rio Agenda, with its special relevance to climate change, biodiversity and forestry. This work is buttressed by that of the Commonwealth Science Council, whose four flagships are of outstanding contemporary relevance to global needs - water, energy, biodiversity and capacity building for the application of the new technology for development.

The Canadian Government can take pride in the imagination and generosity of its support to the Commonwealth. With such assets and activities, no wonder so many countries want to join our family!

But I believe your meeting this week cannot duck a set of liabilities which threaten the achievement of the Commonwealth's objectives and may even test the loyalty of its members.

If I may speak from the perspective of one sitting in London, the perception of the Commonwealth by the man in the street (I use the term in the gender-inclusive sense!) is often bored and even hostile. Derek Ingram has ably spelt this out in his recent review. Our image (he shows) is one of an outdated institution locked into its historical origins as offspring of the British Empire.

The Commonwealth may do good by stealth: but as Mark Anthony reminds us: "The evil that men do lives after them; the good is oft interred with their bones". Many see us lacking the muscle and courage to answer contemporary needs. The Commonwealth's strength as a weight-bearing structure is seen as critically weakened by the imperatives of consensus, the lack of a clear mission statement and failure to live up to its principles. Retrospective articles at the end of 1997 in British newspapers summing up the features of last year made no mention of the "UK Year of the Commonwealth"; still less was there any serious reporting on the Edinburgh Economic Declaration. We are right to claim comparative advantage in many areas. But the message does not get across.

Another weakness, to speak frankly, lies in the slender financial resources deployed to the Commonwealth by its principal funding governments, as a share of multilateral aid. For the industrialised countries, membership of the Commonwealth is cheap and represents a good investment. Canada's 28% reduction in contributions to the CFTC over the last five years was generously reversed by the 9% increase announced at Edinburgh. Britain continues to pay 30% of the gross cost of Commonwealth programmes and overheads. But as a proportion of the British multilateral aid programme, this amounted to no more than 1% in 1996, when Canada's stood at 2.7%. Others gave more, and Malaysia and India have recently increased their contributions to the CFTC sharply. Commonwealth programmes, we are told in our governance bodies, are seen as useful and well-managed: but the marginal pound in the aid vote tends to go to bilateral programmes, not to us. Yet the Commonwealth Secretariat is a demand-driven organisation, responsive to the needs of our member states. Demand for our assistance consistently exceeds the supply of funds to meet it. We could undoubtedly make a greater impact with more resources to sustain our programmes. Must we remain "the stone that the builders rejected"?

Commonwealth Governments often display a certain reticence in acknowledging the Commonwealth as the provenance of ideas they carry forward in other fora. Thus Commonwealth initiatives

have not always been cited or quoted when the relevant topic (such as debt relief) has been addressed by Executive Directors in the IMF or the World Bank or by delegates to UN meetings, e.g. addressing the interests of small states. This is not invariably the rule. Commonwealth Environment Ministers began to meet after the Rio Earth Summit and have managed to forge consensus on sensitive issues that eluded UN negotiators. That agreed at Edinburgh on climate change was much quoted in the passages at the subsequent Kyoto Conference. But this was the exception rather than the rule, and the warm embrace of solidarity which Commonwealth conferences engender seems to fall away when exposed to the chilly and combative atmosphere of typical UN meetings.

As I said earlier, the Commonwealth can rightly claim to be a global sub-set, and this is undoubtedly one of its strengths. But the emergence of new institutions like the WTO is changing the world, and the proliferation of new regional associations threatens the multilateralism on which the Commonwealth is founded. It is quite understandable that Commonwealth governments should give first priority to their regional agenda: Canada in NAFTA and Britain in the EU can be said to have done so already. But there are dangers. For instance, when the Caribbean and African High Commissions in London presented the Secretariat with an alternative draft Economic Declaration with the thought that this might displace the Secretariat's text which was based on consultation with all our member countries, the procedure was not without its risks for our collective solidarity and welfare.

One must also ask how much success we have had in implementing the third leg of the Millbrook Action Programme of 1995, which called for the Commonwealth to share its techniques of consensus-building with other fora. True, we increasingly hold Commonwealth ministerial meetings in the margins of other international events like the Commission on Sustainable Development, or the annual meetings of the IMF and the World Bank. But the transmission mechanism is imperfect and our practice of building consensus rather than voting seems not always to be compatible with the ground rules on which other organisations

operate. While our publications are admired, our methodology remains faintly suspect to those outside the family circle.

a)

b) I hope you will not find this balance-sheet impertinent, or too disrespectful of one or two sacred cows. But I would not be standing before you today if I thought this were the end of the story. My own experience leads me to believe that the Commonwealth chariot, with its twin wheels of the Harare and Edinburgh Declarations, under-pinned by its technical assistance arm, is well placed to "make a difference". On the global agenda our record in the area of promoting democracy, building capacity and defending human rights already commands respect. Others, whether of the Francophone community in which Canada's plays such an important role, new aspirants to Commonwealth membership and enlightened international institutions have said they admire the initiatives we have taken on the ground. I am thinking of such fields as gender, micro-credit, distance learning and coastal zone management. On the economic agenda, the work commissioned by CHOGM on the destabilising effects of capital markets volatility and the elimination of corruption in economic management is seen as relevant, constructive and ground-breaking. The Commonwealth's updated report on the Vulnerability of Small States is already recognised as a unique piece of advocacy for the special needs of small states, and has already been borrowed - with due attribution - by relevant UN bodies working in the same area. Above all, the work being done within the Commonwealth to narrow the gap between the beneficiaries of globalisation and the actual and potential victims of marginalisation is seen as the right job at the right time.

c)

d) So we have plenty to be proud of, and ample scope to do more. But we must be honest and hard-headed. If I had to summarise the threats we have to address, I would point to four areas:

e)

1. failure to match ends with the means needed to achieve them;

a)

- 2. lack of political will by governments to fulfill the commitments they have signed up to;
 - a)
- 3. the Commonwealth's inability so far to fight its way on to the front page of the world's media; and
 - a)
- 4. the ignorance or indifference of so many among the intelligent young, on whose imagination and energy the fate of the Commonwealth will depend.
 - a)

The rich agenda of this week's meeting provides a wonderful opportunity to address these questions. I am sure you will come up with trenchant and relevant answers. As a humble labourer in the Commonwealth vineyard, I look forward to your offerings with impatience and I thank you for listening to me today.

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Royal Commonwealth Society Colloquium

Ottawa – February 20th, 1998

Trade In The Next Millennium

Presentation by :

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There's going to be a lot more of it, although we may not recognize all of it as trade as we presently know it.

Let me explain.

Even 50 years ago, there was only a fraction of the world's population that had any disposable income that is any money to spend on anything beyond staying alive meaning fed, clothed, sheltered. Consumerism – the ability to spend money on non-essentials – was restricted to very few, outside North America. Even in Western Europe, where a middle-class had been developing for a century or more, disposable wealth was in very few hands. So trade was tiny, because so few people had any money to spend.

The last 50 years, and particularly the last 20, have changed all that. Furthermore, the rate of change, of the development of a middle-class with spending power, from a peasantry with none, has also been accelerating. The wealth distribution it took Britain and Germany 70 years to achieve, it took Spain 25, (starting only in the mid' 60s) and more recently, in the most successful developing countries, only 10. China has probably brought more people from the peasant category to the consumer one from a subsistence level to having some disposable income, in the last 5 years than all other countries rest in the last 25. (I have heard figures of 150 – 250 million people for China) and figures are only slightly less daunting for India, despite having had a middle-class for much longer. There is no need to labour the point further. The implications for trade are explosive, as spending power increases in the developing world, albeit with intermittent setbacks as we saw in Latin America in the 80s and in 1995 and are now experiencing in Asia.

So what sort of trade is this going to be ?

Well, different, and as I said and not so readily identifiable. Yes, the sale of manufactured goods between nations will grow in line with foreign investment flows, and yes the multinationals will continue to account for a growing proportion of this. However, increasingly it will be within giant trading blocs, whether an enlarged European Union with one currency, a Free Trade Area of the Americas also using one currency eventually, and meanwhile a growing Mercosur bloc in South America. Multinationals will grow complementary facilities in different countries within the same bloc, blurring the national distinctions of the finished article. In North America the autopact was the forerunner of this and the maximization of NAFTA by the auto companies, now being followed by others with significant productive capacity in places like Brazil and Mexico supplying components for plants in Canada and the USA, and vice versa. All this will grow, and grow rapidly.

But trade has nevertheless changed radically from the mercantilist concepts of industrial nations importing raw materials and exporting manufactured goods. (Canada, incidentally as historically a net taker of foreign investment, does the opposite, exporting wheat, sulphur, potash, coal and forest products to markets like Brazil and Mexico and importing automotive, telecom and information technology products from them. In the case of Mexico, Canada's imports mainly automotive products, have increased about ten fold to US\$6.5 billion since NAFTA was formed.

Historically trade has consisted of selling surpluses of raw materials, and goods manufactured for export on the back of a domestic market. But this definition neglects the underlying purpose of trade, which is to create wealth derived from external sources. This wider definition adds a whole range of **services**, in addition to **goods**, to the equation. It also points the way to the future.

For many years, countries, where the numbers are significant, have included so-called "invisible exports", in their trade and current account figures, such as in the UK with the immense earnings in the City of London from financial and insurance services, and elsewhere including tourism where this is of strategic importance in countries like Spain, Mexico and the Caribbean. However, today in some countries including Canada, the fastest growing "invisible export" of all, is probably educational services. It also offers virtually limitless prospects for growth, and is in huge demand.

Why? As capital was the key to productive capacity in the past, today technology is, if the product is to be competitive in the global village that we have created for ourselves. There's a good reason for this: countries are no longer able to protect and control their domestic markets as they used to, (because they will be denied vital foreign investment if they try). So today, if you want to make a product, it has to be competitive globally in design, quality and price not only to be exportable, as was always the case, but to be domestically saleable as well. This is new, and is creating a massive need for technology transfer to the developing world, and thus for education and training abroad in the countries that have the technology. It is no coincidence that one of the largest delegations on the recent Team Canada Mission to Latin America was from Canadian academia – heads of Canadian universities and training colleges – recruiting foreign students to study here. The fairs the Canadian Education Centres hold abroad for this purpose are attended by thousands of students – in the case of one recent example in India, tens of thousands. These students recognize the huge market in their countries for people with such foreign training, and that it will be many years before their own countries can provide such facilities in sufficient numbers. Education therefore, will become a much more significant factor in the current account equations for the G7 countries, especially those where it is provided in English, the language of

technology and commerce. Despite many competitive advantages including price, Canada, in fact, has lagged the field in this, with much more aggressive marketing coming from the USA and Australia, targeting particularly the affluent Asian market (much of which is still affluent such as Taiwan.)

So instead of exporting goods, the G7 will increasingly be exporting knowledge. This is progress. Not so long ago, many would have argued that in so doing they would also be exporting the seeds of their own destruction by giving the skills to the developing world to make them self-efficient and not buy imported products. This argument is akin to the one which holds that outward foreign investment exports jobs; fortunately taken seriously by few today. There is a more sinister motivation for this which appeals to many governments in the developing world, as expressed to me recently in Brazil. Student political views tend to be to the left of centre whereas the necessary economic programs and reforms tend to be to the right. In many cases, students thus provide a vocal opposition which in the freer democratic environments most governments are fostering, can become a strong political force, as, for example in France in the 70s or more recently as in Korea and Japan. There is an attraction where painful and unpopular steps have to be taken in defusing local opposition by having the brightest potential opponents immersed in exacting studies abroad !

As capacity has to be expanded to cater for the influx of foreign students one will see an increasing role of the private sector in funding this in the host countries, mainly by multinationals who want to see the level of training upgraded in the countries sending the students, so they can recruit better trained staff for their local operations. We are already seeing much greater partnership in higher education between the universities and business and this has to continue.

Now what about the poorest countries, those that can barely afford to import what they need, let alone send their brightest students, their hope for the future, to foreign universities ? Well, maybe its not too much to hope that under the heading of education we can also include economics, management and governance. With fewer and fewer exceptions — Indonesia apparently being one of them — the developing world has been coming to realize that there is no long term substitute, given the mobility of capital and the huge array of alternatives facing investors. for sound economic policy, transparency and strong governance in market based economies. Many of the more successful developing economies rely heavily on education and training abroad for this, and their leadership and senior financial posts are usually filled with exceptional individuals with such a background, often obtained on scholarships. The Chilean relationship with the University of Chicago is an extreme example. Chile was close to the bottom of the Latin America heap then, but for the last 18 or so years, it has never looked like slipping back. The message is clear, you can escape the debt/poverty/no foreign investment trap with

good economic policy, and that comes with education and training. Peru has done exactly the same more recently, following even worse mismanagement of its economy mainly in the Garcia era. Canadian investment in Peru for this year is running at about \$2.5 billion annually, maybe \$6 billion if certain large projects go ahead.

This can also work in favour of some of the smaller economies. El Salvador for example, which for years was racked by civil war and with no sign of economic growth, now has the second best credit rating in Latin America after Chile and as a result is attracting foreign investment and can borrow longer term more cheaply than much bigger economies in the region. Small African and Caribbean nations in particular should take note. Trinidad has been a similar success story.

Now, a quick word about the Caribbean, an area of interest to many of you. Despite remarkable progress away from former agricultural dependence and industrial growth most notably in Trinidad, the region suffers from being left out of the major trading blocs I mentioned. While regional initiatives in the basin have had successes, NAFTA led to a greater U.S. focus on Mexico and Chile and no doubt other South American countries in the future. The long-term key to the Caribbean is undoubtedly Cuba which contains 50% of the land mass and much more of most other resources including university graduates. The economic recovery of Cuba when it eventually happens in a post-embargo era will act as an engine for the whole region and especially for those countries and companies, such as Jamaican hotel groups already there. In the meantime, there is no alternative but to continue with the more modest growth and economic diversification already evident in market-oriented economies in place now in most countries in the region.

Returning to the growth of trade and investment, what should the so-called "financial community" be doing to facilitate this, in particular to encourage capital flows and trade to countries prepared to take the difficult route of economic reform, along the lines outlined in the Edinburgh Communiqué ?

While one can easily point to many successes, most economists believe that pouring funds from agencies like the World Bank into public sector projects has not, by and large, produced the desired result. Few if any of the successful economies came up the World Bank route and many believe that cheap long-term funding for projects in the public sector merely distorts local market forces and postpones much needed economic reform. Projects which are only viable with massive subsidies through sub-market financing are not likely viable projects in a market economy especially if Government-owned. Following the waive of privatization started by Margaret Thatcher, who invented it 19 years ago, more and more development projects, both infrastructural and commercial, are in the private sector and this is where the growth of the last decade has been and undoubtedly will be in

the future despite the private sector led problems in Asia. Lenders and investors have come to realize that a well structured, viable project in the private sector is a better bet than a white elephant project with a government guarantee, the hall mark of many projects in the 70's and early 80's. "Well structured" in recent weeks has come to mean in particular "devaluation proof", given many in Asia did not have protection for this.

Sometimes private capital needs a little encouragement, however. US Eximbank's outgoing President summarized it well when he described Eximbank's role in fostering US exports through its guarantee programs, as to "get the banks in and then get out of their way". In Canada, EDC has also proved how well this works with their Documentary Credits Insurance Program. This is an insurance product introduced 9 years ago, initially used avidly by banks to cover risks on **foreign** banks with whose letters of credit they did not feel comfortable. There has never been a claim under it and until a few weeks ago it was largely defunct, because the banks feel emboldened to take the risks uninsured. In times of crisis, its usage goes up markedly but it has served to prime the credit pump for Canadian exports to perceived high risk areas. The CDC has played a significant role also as a pump primer for capital flows into sound projects including in some high risk economies not in the Commonwealth, such as Cuba. Two of the World Bank agencies focusing on the private sector, play a pivotal role, sister agencies to those involved in financing projects in the public sector. These are MIGA, which insures equity investments and loans, which we have used for example, for hotel financing in Central America, and the IFC, the International Finance Corp. IFC, as I'm sure, most of you know is the World Bank agency that makes equity and loans available for **private** sector projects but more importantly invites private sector lenders to participate, and with much longer terms and lower pricing than they would normally provide. Lenders are willing to do so because they are part of a default proof World Bank package, with what IFC describe as the World Bank's "magic dust" sprinkled on it. For example, we participated in about 6 such deals with IFC over the last year or so, notably a large one to our customer, Caribbean Ispat in Trinidad enabling a large expansion of this steel facility, an example incidentally of a loss making company in Government hands which has expanded and prospered when bought by a private group. IFC has a monumental task ahead of it as the private sector takes over industrial activity, and incidentally its success in bringing in commercial co-lenders to date is being copied by other agencies such as the Inter-American Development Bank and the Asian Development Bank. IFC is also focusing more on smaller business and smaller countries, and I am pleased to say we have recently concluded a Caribbean Loan Facility with them, whereunder we will co-lend with IFC to customers of our 200 Caribbean branches, on a joint basis. These are medium loans from 3 — 10 years, in foreign currency to customers to whom we would not normally feel comfortable lending foreign currency at that term.

On a different note, banks are finally applying technology advances to international trade and it is now only a matter of time before the time honoured paper letter of credit will give way to electronic alternatives. One of the fastest growing is a trade credit card enabling an importer to pay for goods in the same way as a consumer or tourist. The day cannot be far away when any buyer anywhere will access via the internet a range of alternative providers of a given product and pay for it with an instantaneous electronic funds transfer. Or if he wants financing, by making his Credit rating electronically available to the seller or his bank who will instantly fund the deal and probably simultaneously securitize the receivable and after "bundling" it with others, sell it to retail investors, also through the internet. This is the logical electronic development of the forfaiting market which is an interbank market of trade obligations, which has added enormous liquidity to trade financing.

What all this mean is that trade transactions will be cheaper and quicker to finance which one assumes will be a contributing factor to even more trade growth.

Well, I hope all of this provides a few pointers to some possible future trends.

Thank you.

Trade98.tgp

Bland, timid Commonwealth image needs refreshment of open debate

Murray Burt, international president of the Commonwealth Journalists Society.
Notes for discussion at Royal Commonwealth Society Colloquium, Ottawa, Feb. 20-22, 1998

The Commonwealth has an image problem. It has an image now that too often engenders the negative or nothing. Many of the Commonwealth members regard their British, and especially colonial, links as negative. Many of those country's subjects don't know what the Commonwealth is, what it stands for or, more important, what positive benefit it can be.

Derek Ingram's comprehensive Review of the Commonwealth Secretariat's Information Program (commissioned by the Commonwealth Secretariat and published last year) spells out the issues in a most comprehensive way.

The sting that the Commonwealth is perceived as "strong on rhetoric and poor on action" is still embedded and will be hard to withdraw.

But the sting must be withdrawn and the wound must be cleaned. Fortunately, promising signs are already evident that some steps are being taken to remedy the stifling control that seemed to be exercised on officials talking to the media. The perception of public relations being a commercial tool to shill product or message must be wiped from executive minds. Modern public relations with the media should be a positive force that opens the window on all truth — positive and negative. Good PR assists media inquisitiveness. It helps the media do its job.

Thus it wins credibility, the essence useful communication. Without that the Commonwealth withers. Silence, or timidity or manipulation are anathema to the stuff that generates a good image.

The Commonwealth Secretariat has smart enough people in place not to have to worry about a few egos being cracked on the way to a good image.

There should be no worries about controversy. It is the stimulus of good debate which in itself is helpful in effecting positive, and above all, enlightened change.

A satellite to serve the Commonwealth deserves attention as a Millennium project

Murray Burt, international president of the Commonwealth Journalists Society.
Notes for discussion at Royal Commonwealth Society Colloquium, Ottawa, Feb. 20-22, 1998

The proposal by COMNET-IT that the Commonwealth should be served by its own satellite deserves debate. A low-cost (\$3-million perhaps), low orbit, equator-circling satellite for data communication has the merit of being bold, distinctive and valuable to our have-not neighbors.

But the idea, emerging in the Commonwealth Secretariat's Information Program review, seems to be getting the cold shoulder. It deserves better. If the merit claims can be proved to be valid, it would be a most imaginative Commonwealth memorial to mark the change of Millennium.

It also would be a showcase for Commonwealth technology.

Let's set up a process for censuring Commonwealth police who beat reporters

Murray Burt, international president of the Commonwealth Journalists Society.
Notes for discussion at Royal Commonwealth Society Colloquium, Ottawa, Feb. 20-22, 1998

The tolerance level is unacceptably high in the Commonwealth for appalling official behavior towards the media.

Three rights are too often trammelled in this area:

- a) human rights;
- b) freedom of speech, and
- c) freedom of the press.

Though sometimes conflicting rights together and severally they deserve our urgent attention and action if the Commonwealth is to have any credibility as democracy worth the name.

1. We need to teach the media rights value to the man in the street
2. We need to instruct police, military, judiciary, government how much it matters — to them and those they truly serve.
3. We need to instruct journalists and editors that with the rights they should enjoy runs an obligation to be knowledgeable and thorough as well as daring and interesting.
4. We need to use the Commonwealth's extraordinary networking capacity to ensure the delivery of training, education and sensitivity.
5. We need a process of sanctions for those who abuse the process.
6. We need a Commonwealth media body to regularly evaluate reports of breaches, publicize and report it at the highest levels of government, and attach suitable opprobrium.
7. A sign of progress would be:
 - a) journalist arrests without beatings;
 - b) journalist interrogation without threat or force
 - c) journalist incarceration only in the face of a charge.

Only serious action on this issue will prevent some of our societies regressing and returning to the swamp.

HOW DO WE GET THEIR ATTENTION?

By Jim Carr

There is nothing scholarly about this piece, just a few observations from a former journalist who became enamoured with the Commonwealth.

It was in 1987 when young leaders from 37 countries around the Commonwealth were brought to Ottawa. The purpose was to develop young leadership, to see if fresh minds could tackle old problems, to determine whether or not a consensus could be found on the pressing issues of the moment, notably the dismantling of the apartheid regime in South Africa. We did reach a consensus. We did talk through our divisions and left that weeklong gathering buoyant and full of hope. If 75 young men and women from every part of the world, from every religious grouping and with vastly different cultural backgrounds could agree on something as complex as dismantling apartheid, then the Commonwealth must be doing something right.

We were bound together by a common language and a shared democratic tradition, as oddly shaped as some of those traditions appeared to be. Yet, in the end what mattered was that, in spite of all that diversity, we achieved unity. What emerged was a bond of fellowship and common purpose that none of us would forget soon.

Then, in 1996, I was lucky enough to be chosen a Commonwealth fellow, which meant a month of talk and travel with 11 other mid-career professionals from around the Commonwealth. We spent two weeks in England and then two weeks in Canada studying institutions and, more importantly, examining each other's perspectives and biases. Not surprisingly, we bonded just as a younger version bonded nine years before.

At our first meeting, there was general discussion of how the Commonwealth was perceived in our own countries. It was a difficult session; the impressions were vague, the details sketchy. Heads of government meetings are always good for a photo-op or two but does anyone know what important decisions these leaders make before and after the pictures are taken?

The clearest images were of athletes competing in the Commonwealth Games. (In fact, just this week I scanned the electronic library of the Winnipeg Free Press and fully 8 of every 10 references to the Commonwealth were sports related.) And of course the Queen, a symbol of past glories, came up often enough in our group discussion. She was seen as the stitch that knitted all those loose threads. The Queen and the Commonwealth were indivisible, except for our Australian friend whose incipient Republicanism was barely hidden.

In only one or two cases could these educated, well-informed professionals speak with any confidence about the Commonwealth's presence in their countries.

As the month progressed and we learned about the work of the Commonwealth and its agencies, it became more and more bothersome that others knew so little, just as we knew so little before we arrived in London to take advantage of that great opportunity together.

So now it is nearly two years later and we confront the same problem: How do we get their attention?

I offer a few simple suggestions: The first is to shuck the shyness and be much more aggressive in trumpeting the work of the Commonwealth. We all know it has its share of warts, even open sores on occasion, but there is a world of positive news waiting to be told, published and broadcast. Some of that news can be delivered in the traditional ways; cranking out news releases, calling press conferences, publishing discussion papers, organizing meetings with journalists and speaking to small groups. But when was the last time you opened your daily newspaper and read a feature article about an important Commonwealth---any Commonwealth--- initiative?

There are hundreds of former Commonwealth fellows who ought to be informal ambassadors. There are professionals in London whose business it is to promote and report the work of the agencies. Why do we read and hear so little about aid projects, technology transfer, political and economic development?

Some will say nobody cares about what the Commonwealth thinks about itself and, besides, it's just self-promotion. Editors, though, are constantly on the lookout for commentary on international subjects. Most of them want to assume a reasonable level of curiosity and sophistication among their readers, so running occasional pieces about the Commonwealth's work would be more welcome than you think. In any case, there is nothing lost by sending the stuff along.

There are flash points that grab the world's attention and they should be used to seize an opportunity to give the reader, the listener or the viewer something more than the headline and the background of the story in the news. A good example is Nigeria. In Canada, the foreign affairs minister made headlines when the Nigerian issue took center stage in the international press. As it happens, Lloyd Axworthy was critical of what he thought was foot-dragging by African leaders. He was also impatient with Britain's position. He led the public fight for tougher measures. Why not take advantage of the controversy and flood newsrooms with background material on how the Commonwealth makes decisions, detailing the process of how consensus is reached on controversial issues. How much tolerance for emerging democracies can the Commonwealth afford? What programs for democratic development exist within the Commonwealth?

Teaching tolerance is something we agree is a noble objective and a natural for the Commonwealth, whose linguistic, cultural, religious and ethnic diversity includes just about everyone on the globe. Yet, when there are debates in Canada, and presumably anywhere else, about race relations, the distribution of hate propaganda or demonstrations

of ethnic or religious intolerance, the Commonwealth's example is out of sight and out of mind.

Schools preach these virtues to their students but my three kids in the public school system in Winnipeg have never uttered the word "Commonwealth" in my presence. Other than noting that quaint pink on a world map, there is precious little known about how valuable a forum the Commonwealth has become, especially for smaller states whose voice carries weight in an important world body. Is there an ongoing discussion between Commonwealth officials and educators about how those values can be communicated to students, through work projects, study tours student exchanges and pen pal partnerships? If such programs exist, my kids have never mentioned them. If officials have no time, why aren't we using contacts and friends to do the work as volunteers?

All in all, we are far too reluctant to boast about the Commonwealth's guiding principles and impressive successes. That reluctance is a failure on the part of the organized Commonwealth and the informal network of well wishers who take too much for granted.

The Commonwealth will rarely be discussed at the dinner table and we know that it is only during a crisis when interest will be sustained. We also know that the Commonwealth has power, the power of ideas that can motivate, inform and inspire. We need to hear more about why those underlying values are crucial for international cooperation. Our power will wane with silence.

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**Paper presented to the Colloquium
on
The Commonwealth in the Third Millennium**

February 1998

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for development.” The Bank identified three distinct aspects of governance.⁴ These were, the form of political regimes, the process by which authority is exercised in the management of a country’s economic and social resources for development, and the capacity of a government to design, formulate and implement policies and discharge its functions. The form of the political regime in a country was deemed to be outside the Bank’s mandate which is the promotion of social and economic development when the policy on good governance was formulated in the early 1990s. Accordingly the Bank focussed its attention on the second and third aspects. It should be noted that governance does not apply only to the public sector as corporate governance is equally important. The laws and regulations applicable to the corporate sector, the institutions that enforce them and the reporting requirements for good governance will be dealt with in a later section.

4. World Bank operations on governance have been grouped into four major components. These are public sector management, accountability, the legal framework for development, and transparency and information. The development of more participatory approaches to project, program and policy formulation; restraining military expenditures; and promoting human rights in accordance with the Bank’s mandate as a financial institution are related activities. In addition to its lending operations, the World Bank undertakes economic and sector work, research and policy dialogue with governments to influence them on good governance.
5. **Other multilateral lending institutions** use the same definition of governance as the World Bank though some may place the emphasis on different aspects of it. The *Inter-American Development Bank* gives priority to the modernization of public administration while the *African Development Bank* has introduced the concept of governance for different levels of government. The *Asian Development Bank* follows the World Bank’s lead and defines it⁵ to include the functioning and capability of the public sector and the laws and regulations that set the framework for the conduct of public and private business in a transparent manner. Governance is about the institutional environment in which citizens interact between themselves and with the government and its officials. The Bank’s operations on governance include building capacity in the public sector, encouraging participatory development

⁴ Governance, The World Bank’s Experience, The World Bank, 1994.

⁵ Governance: Sound Development Management, August 1995, Asian Development Bank.

8. The Development Assistance Committee (DAC) of the **Organisation for Economic Cooperation and Development (OECD)** uses a definition⁸ similar to the World Bank to denote the use of political authority and exercise of control in a society for the management of its resources for social and economic development. This definition encompasses the role of public authorities in establishing the environment in which economic agents function and in determining the distribution of benefits. It identifies the three aspects of governance as the World Bank does, i.e., the form of political regimes, the processes by which authority is exercised in the management of a country's economic and social resources, and the capacity of the government to formulate and implement policies and discharge its functions. The OECD recognizes the rule of law, public sector management, controlling corruption and reducing military expenditures as important aspects of governance. It links good governance with participatory development, human rights and democratization and sees the emergence of overall aid policies linking all of them in the member countries.
9. This brief survey of definitions of governance used by some development assistance agencies suggests some commonality of approach. Accordingly, good governance includes the following elements:
- improved public sector management and an effective public service;
 - a predictable legal framework for development and its application by an independent judiciary;
 - better financial accountability and transparency in operations leading to low levels of corruption in both the public and private sectors;
 - participatory approaches to project, program and policy formulation;
 - reducing excessive military expenditures; and
 - promoting human rights and democratic development.
10. Governance has been defined through a donor perspective as it was donor initiatives that provided a governance umbrella for foreign assistance programs. During the current decade, recipient countries have paid attention to the issues and begun to dialogue with donors, some more seriously than others. Dealing with these issues had an impact on the developing countries that have dealt with international financial institutions for many years but the biggest need and consequently the impact have been in the countries that joined the international

⁸ DAC Orientations on Participatory Development and Good Governance, OECD, Paris, 1993.

advances have made it possible to package goods and services differently to allow a more important role for the market. Fourth, a reduced role for the state implies that fewer activities will be performed by it but the functions that have been selectively identified as core activities or on the basis of comparative advantage need to be delivered more effectively than in the past.

14. Governments need to adjust from a pattern of control and intervention to one of providing an enabling environment for the private sector to function. This requires effective macroeconomic management, selective intervention, a reduced role for the delivery of public services and a capacity to regulate where the private suppliers of these services enjoy a monopoly. These changes will require a smaller and highly professional bureaucracy that is accountable for its output. This change in the paradigm of the state requires it to play a central role in the economic and social development of the country but not be the main engine of economic growth or provider of goods and services.
15. Five basic tasks have been identified as the responsibility of the government for achieving sustainable development.⁹ These are:
 - maintaining a non distortionary policy environment and macroeconomic stability;
 - establishing a foundation of law including a basic legal and regulatory framework to enable the private sector to play a greater role in the economy;
 - investing in basic social services and physical infrastructure;
 - promoting equity and assisting the vulnerable in society, specifically women and other disadvantaged groups; and
 - protecting the environment.
16. The World Bank and International Monetary Fund (IMF) conduct policy dialogue with governments on the need for a sound macroeconomic environment which includes modest fiscal deficits, low rates of inflation, low unemployment and positive balance of payments. Such an environment is necessary to promote private investment and attract stable foreign private capital flows needed for the development of these countries. Governments and markets are complementary with the state being responsible for setting in place a legal foundation for the markets to function in. The state's rules and policies need to be applied in a predictable manner to attract private investment.

⁹ World Development Report 1997, World Bank.

17. Investment in physical and social infrastructure is required to enable governments to deliver public goods such as defence and law and order and others which are largely the responsibility of the state such as health and education. The state has to keep social fundamentals under review to safeguard that development is stable and sustainable. Public policies and programs need to ensure that the benefits of growth are shared and lead to a reduction of poverty and inequality through investments in education and health etc. Government regulation and information about the environment are necessary for protecting the environment. At the same time, it is necessary for social pressure and market forces to push for improved environmental performance.

EXPERIENCE OF INTERNATIONAL AGENCIES¹⁰

18. **World Bank** assistance for promoting governance has been principally through adjustment lending and related technical assistance, economic and sector work and research, and policy dialogue. This dialogue is conducted in the context of the Bank functioning as the Chair of the Consultative Groups and preparation of country assistance strategies and country economic memoranda.
19. Sectoral adjustment loans extended by the Bank have supported various programs introduced to improve *public sector management*. They have included civil service reforms, improved financial management and state enterprise reform covering restructuring, closure, and divestiture and privatization. Governments must be *accountable* at a political level to those they rule through participating in democratic processes for seeking power and for the core functions they perform. This objective has been supported by Bank assistance in the areas of decentralisation of government, financial accountability and programs designed to reduce the opportunities for corruption. The Bank has begun emphasizing the need for a comprehensive *legal reform* agenda, including the establishment of enforcement mechanisms and strengthening the judiciary and regulatory institutions. A variety of instruments have been used to assist countries to improve their legal systems.
20. **UNDP's** approach to good governance has been to identify five priority areas which are:
- governing institutions covering the legislature, judiciary and electoral bodies;

¹⁰

A fuller description of these programs is given Annex 1.

- public and private sector management;
- decentralisation and support for local governance;
- civil society organisations¹¹; and
- governance in special circumstances.

It is UNDP's expectation that support for these will achieve the development objectives of eliminating poverty, creating jobs and sustaining livelihoods, protecting and regenerating the environment, and promoting the advancement of women. Governance programs have been implemented at the country, regional and global levels.

21. The Government of Canada's approach combines governance with concern for human rights and democracy. It emphasizes the key role that civil society organizations can play in articulating popular concerns and participating in policy making. Canada expects governments to respect the rights of citizens and govern in an honest, effective and accountable manner and adopt the elements of a formal democracy such as the process of holding elections, upholding the rule of law and having decision makers who are prepared to exercise political will and leadership.
22. CIDA¹², as the main agency responsible for Canada's development assistance programs, seeks to achieve these objectives by strengthening,
- the role and capacity of the civil society to increase popular participation in developing countries;
 - democratic institutions to develop and sustain responsible government;
 - the competence of the public sector to promote the effective, honest and accountable exercise of power;
 - the capacity of organizations that protect and promote human rights to enhance each society's ability to address these concerns; and
 - the will of leaders to respect the rights of its citizens and govern democratically and effectively.

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Civil society consists of individuals and groups, both organised or unorganised, who interact in the social, political and economic domains and are regulated by formal and informal rules and laws. Civil society organisations are the multitude of associations around which the society voluntarily organises itself and represent a wide range of interests and ties.

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Government of Canada Policy for CIDA on Human Rights, Democratization and Good Governance, CIDA, April 1996.

23. The OECD approach to good governance has been to suggest programs for donor support among its members in the areas of public sector management, the rule of law, controlling corruption and military expenditure which it has identified as important dimensions of governance. These are a part of a broader and more complex agenda which includes participatory development, human rights and democratisation. This agenda was endorsed by the Development Assistance Committee of the OECD in December 1993¹³.
24. Whatever aspects of governance are covered by the loan and technical assistance operations of development assistance agencies, **policy dialogue** with borrowing countries is important for discussing issues that are sensitive in nature, some of which are economic. The nature of the dialogue has changed over the years responding to changes in the political and economic framework. It is conducted at different levels one of which is through the donor coordinating mechanism of Consultative Groups, usually chaired by the World Bank, which provides a forum for open discussion of issues that are of concern to the donor community.

NEED FOR CORPORATE GOVERNANCE

25. The paper has dealt so far essentially with the governance structure of the public sector. It is equally important that the governance structure of the private sector be discussed as the role of private foreign capital in financing investment has increased in the past ten years as developing countries liberalised their economies. The search for higher returns and opportunities for risk diversification led to greater interest in developing countries among speculators and long-term investors. This interest gathered momentum due to financial deregulation in both developed and developing countries. Major advances in technology and the availability of diverse financial instruments for investment led to the globalization of financial markets.
26. The economic case for globalization is that it enables countries with high savings rates and low returns on investment to lend to countries with lower savings rates and higher returns on investment though some developing Asian countries have high savings rates. While this is the basic premise for the flow of investment finance between countries, the development of a governance structure necessary to enable market systems to function needs to keep pace with

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DAC Orientations on Participatory Development and Good Governance, 1993, OECD.

economic liberalisation. In its absence, there will be volatility in these flows causing instability. A great disservice is done to developing countries when the western world encourages them to pursue market and financial liberalisation before the supporting infrastructure is ready.

27. This paper is not the forum for discussing the recent financial turmoil in East and South East Asia except to the extent that they are relevant to the subject of governance. The main reasons for these problems were,
- an unsustainable mix of monetary and exchange rate policies;
 - excessive foreign borrowing and domestic lending whose terms were mismatched;
 - weak domestic financial systems which were inadequately supervised;
 - the absence of a transparent governance structure in many private sector financial and commercial institutions; and
 - the considerable political interference in the economy leading to charges of crony capitalism.
28. The poor system of corporate governance was a major contributor to the problems in these countries. It shielded commercial and financial institutions from market disciplines of internal and external monitoring that would have taken place had there been **transparent financial reporting** of operations. An example of this was in Korea where each conglomerate (or chaebol as it is called) has a number of associated companies under its umbrella which were in a formal sense independent of each other. They provided cross guarantees for each other's bank loans without any requirement to assess the full impact of these on the financial standing of the group as a whole. A major weakness in financial reporting common in Japan has been the practice of showing major borrowings as off balance sheet liabilities, particularly when they are non performing. The reforms necessary to tackle these problems are the introduction of legislation making it mandatory for banks, large companies and conglomerates to adopt internationally accepted accounting and audit standards requiring full consolidation and adequate disclosure particularly when they operate globally. There will be significant training requirements in the countries to implement these reforms and there is considerable scope for the donor community to provide support.
29. **The role and composition of corporate boards** and their accountability to minority shareholders are another reform in corporate governance that needs to be introduced. In the past, board members have not actively monitored corporate performance. Boards have most

often been large and unwieldy for effective decision making and made up of family members who are major shareholders and senior executives. The reforms introduced should make company directors accountable for gross negligence or other failures to perform their functions. Company law should set out clearly the duties of the directors and the recourse that shareholders have in the event that these are not performed adequately. More professionals could be appointed to the boards of companies. Technical assistance could be provided to assist the countries achieve these changes.

30. The staff of companies should be chosen on the basis of ability and integrity and be free of potential conflicts of interest that may interfere with their responsibility to ensure the efficient and profitable operation of the company. Adherence to sound commercial practices should be the ultimate criterion by which their performance is judged. If the promotion of larger social objectives is necessary - as may be the case in a state owned company - it should be achieved by explicit subsidies from the budget and other measures that do not interfere with the pursuit of sound business practices.
31. Over the years, non-bank financial institutions have become an important segment of the financial system in many developing countries. These institutions have concentrated primarily on consumer finance such as car purchases, leasing of industrial and agricultural equipment and property lending. They have also acted as brokerage and investment houses in some countries. Consequently, the totality of these activities blurred the distinction between these institutions and commercial banks and their growth could, in part, be attributed to efforts to circumvent the prudential norms of the banking sector.
32. Banks and non-bank financial institutions carrying out financial intermediation to domestic borrowers with foreign funds faced interest rate, exchange rate and asset quality risks¹⁴. Profitable lending opportunities in the domestic economy encouraged banks to borrow abroad thereby increasing their exposure to foreign exchange risks. Often the maturity structures were mismatched. Even if regulations placed limits on such foreign exchange borrowings, lending to domestic entities which do not earn foreign exchange results in the banks taking implicit foreign exchange risks which could arise due to shifts in asset quality. Limits on the intermediation of foreign capital by the banking system could be an appropriate policy

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response to **weak supervision and regulation of financial institutions by the Central Banks**. The long-term solution to this is to strengthen the legislation governing the operations of Central Banks giving them greater supervisory authority over both banks and non-bank financial institutions and building up their capacity to exercise this supervision. Technical assistance could be provided to Central Banks to prepare the necessary legislation and regulations and train staff to perform effective supervision.

33. Recent large scale failures of financial institutions indicate the need for **comprehensive internal control procedures** and policies that will be implemented by skilled staff and monitored closely by the senior management. This requires a clear delineation of responsibilities, explicit and transparent policies relating to lending and other financial decisions, comprehensive and internally consistent record-keeping systems, and internal audit and management control functions that are organisationally separated from the groups that they oversee. Equally important are policies and enforcement measures to ensure that staff acts in the interests of the institution and does not engage in insider trading or similar activities, disclose proprietary information and approve loans other than on objective assessments of returns and risks.
34. These reforms have been pursued by the donor community through private sector development and financial sector reform loans extended by the multilateral development banks often with cofinancing from bilateral donors. There is considerable scope for providing technical assistance on a bilateral basis to achieve the broad goals that have been identified in this section of the paper.

GOVERNANCE PROGRAMS OF THE COMMONWEALTH SECRETARIAT

35. The Commonwealth Secretariat promotes economic and social development of its member states through a wide range of technical assistance programs. This is provided through training and consultancy services - both short and long-term, and the provision of advisory services to governments. Many of the training programs take place in institutions located in the developing countries of the Commonwealth. Similarly, the majority of consultants are hired from developing countries and the Secretariat was a pioneer in promoting technical cooperation among developing countries. The technical assistance is financed mainly by the Commonwealth Fund for Technical Cooperation (CFTC) to which member governments

contribute on a voluntary basis. The Fund's Plan of Expenditure in 1996/97 was of the order of Pounds Sterling 25 million (C\$60 million). CFTC assistance has been effective in the selected areas of intervention although it is small in relation to the technical assistance programs of other agencies.

36. The Commonwealth Secretariat does not have an explicit policy statement on governance unlike other development assistance agencies. The closest to such a policy statement is the Millbrook Action Programme adopted during the 1995 Commonwealth Heads of Government Meeting (CHOGM) held in Auckland, New Zealand. This was intended to fulfill more effectively the commitments contained in the Harare Commonwealth Declaration of 1991 which was adopted at the CHOGM held in Zimbabwe that year. It contained pledges to work for the protection and promotion of fundamental political values of the Commonwealth and promotion of socioeconomic development. The Millbrook Programme¹⁵ was in three parts: advancing fundamental Commonwealth political values; promoting sustainable development; and facilitating consensus building.
37. The Action Programme called on the Secretariat to enhance its capacity to provide advice, training and technical assistance for **promoting fundamental political values** by,
- assisting in creating and building the capacity of relevant institutions, legal and constitutional matters, and the electoral field;
 - observing elections;
 - strengthening the rule of law and promoting the independence of the judiciary; and
 - supporting good government particularly in the area of public service reform.
- The Programme further sets out measures that would be taken in response to the violation of the Harare Principles such as the unconstitutional overthrow of a democratically elected government and the mechanisms that will be set in place for their implementation.
38. The Roundtable of Heads of Government of Commonwealth Africa on Democracy and Good Governance was a major activity undertaken by the Secretariat in 1997¹⁶. This was attended by 16 Heads of State and Governments and provided an opportunity for them to review progress of democracy in their countries and exchange views on problems and challenges.

¹⁵ Millbrook Action Programme on the Harare Declaration, Commonwealth Secretariat, 1995.

¹⁶ Report of the Commonwealth Secretary-General, Commonwealth Secretariat, 1997.

This was preceded by a preparatory meeting which brought together 41 representatives of both government and opposition parties in practising democracies in Africa, some of whom had little or no direct contact in their own countries.

39. Secretariat assistance has been provided to member countries to strengthen *democratic structures, institutions and procedures* before and after elections and create or strengthen various watchdog institutions such as independent electoral commissions. Assistance has also been provided for preparing elections legislation, formulating codes of conduct for political parties and candidates, training programs for elections officials, voter education programs, election logistics and enhancement of gender perspectives. Promoting multi-party elections is important for the development of democratic systems. Secretariat assistance in this area has been provided at different stages of the electoral process. Pre-election technical assistance has enabled member countries to make adequate preparations for holding elections. Commonwealth monitoring teams have observed the electoral process, including parts of the campaign and the polling day itself in some eight countries over the past two years.
40. In regard to *the rule of law*, the Secretariat's emphasis has been to provide information on the best practice in constitutional, judicial, administrative and regulatory matters, and human rights issues to member governments. Priority has been given to areas which are critical for advancing democracy, the rule of law and accountable government. Workshops on administrative law were initiated in 1992 leading to the publication of a handbook on good government and administrative law to assist public officials respect the law when exercising their duties. The Secretariat has encouraged the wider accession to international human rights instruments and the implementation of international human rights standards at the national level. This has been pursued through a series of judicial colloquia which have resulted in the production of a computerised digest of judicial decisions on human rights which have constitutional implications. It enables judges throughout the Commonwealth to learn from the experience of colleagues. Another area where the Secretariat has provided assistance over the years has been in legal drafting to enable countries to establish a sound legal infrastructure. Both consultancy services and training have been provided.
41. The Action Programme reaffirmed the support of the Commonwealth for **Promoting Sustainable Development** by, among others,
- restoring the financial resources of the CFTC to the 1991/92 level in real terms to sustain its technical assistance programs;

- supporting the greater flow of investment to developing member countries through schemes such as the Commonwealth Private Investment Initiative;
 - assisting countries with unsustainable debt burdens and promoting enhanced multilateral concessional financing for them; and
 - facilitating successful self-help schemes with nongovernmental organisations and others for mobilising the energies of people to alleviate poverty.
42. Assistance has been provided for *public sector reform* by strengthening public policy management and capacity building and improving the management of economic policy reform. Specific assistance provided has been in the areas of strategic planning and reform of the public sector, reviewing salary structures in the civil service, reform of key areas of the civil service, restructuring and commercialisation of government departments and state enterprises, economic management - specifically the management of structural adjustment programs and debt management, the transition to market based economies, and the privatisation of state enterprises and enhancing the role of the private sector. The assistance has been provided through a series of seminars and workshops, consultancy missions and policy advice, training programs, and publications.
43. As stated, the Secretariat has for many years assisted member countries in formulating and implementing structural adjustment programs through the provision of policy advice and training. This was extended in 1996 to assist countries wishing to develop practical strategies for export growth and diversification to exploit the opportunities available in an open trading environment following the Uruguay Round. It focussed on assessing the competitiveness of certain sectors of the economy for generating exports.
44. Economic reform in Commonwealth developing countries, as in others, has included components for restructuring the public sector and expanding the market forces in the economy. In the past few years, the Secretariat provided assistance to governments in the reform and process of divestiture of state enterprises and advice on the regulatory and policy framework within which privatisation can take place and management in the post-privatisation phase. It also reported on the feasibility of mass privatisation schemes in Africa. Further, Secretariat assistance has been provided for broad-based capacity building for privatisation and private sector development. This has covered pre-privatisation restructuring and strengthening the institutional structure of the private sector to manage the additional responsibilities in the post-privatisation phase.

45. In the area of economic management is the flagship of the Commonwealth technical assistance program, i.e., the advisory services in debt management which was launched in the mid-1980s. Assistance is being provided to nearly 40 countries in the Commonwealth to record and manage their external debt efficiently. The consultancy services provided included advice on the legal and regulatory framework for debt recording and management, the provision of a computer software developed, maintained and enhanced by the Secretariat, training in all aspects of debt management, and policy advice on the active management (including debt restructuring) of the country's loan portfolio. Recently, the World Bank and IMF launched a Debt Initiative to relieve the debt burden of the Heavily Indebted Poor Countries, some of which are within the Commonwealth. The Secretariat has begun assisting countries to undertake debt sustainability analyses to ascertain the stage at which their debt service obligations could be met on a current basis without the accumulation of arrears or recourse to debt relief. This analysis is very complex and the assistance includes understanding the complex provisions of the Debt Initiative.
46. The third component of the Action Programme is to **facilitate consensus building** by assisting the wider international community in building bridges on a variety of issues of international concern. The Secretariat proposes to do this through its membership of various regional organisations, formal and informal consultations in the wings of meetings of international institutions, and special missions to promote consensual positions agreed within the Commonwealth.

PROPOSED AGENDA FOR THE COMMONWEALTH

47. Before recommending a program of action for the Commonwealth, it will be useful to identify its strengths in the delivery of technical assistance programs. It encompasses 53 nations most of whom have a common colonial heritage. The organisation is perceived as being tolerant and cohesive, enabling it to assist in defusing conflict in a manner that few other international institutions are able to. The consensus building mandate is based on this perception and the trust that members have that the organisation acts in their best interests without promoting an independent agenda serving outside or big power interests.

48. This same degree of trust exists when countries seek technical assistance from the CFTC. The Fund is relatively small, flexible and able to function with less bureaucracy than most other agencies. This enables it to respond to requests for assistance rapidly, work closely with member governments at the highest levels to define needs more precisely and mobilise the assistance required. It can collaborate easily with other development agencies providing technical assistance and play a catalytic role in mobilising donor support. Its impartiality makes the advice offered by CFTC staff and consultants a valuable source of confidential policy advice to governments.
49. In spite of the effectiveness of the CFTC, it is necessary to recognise that the funds are limited and choices have to be made in the programs that it supports. The delivery of technical assistance will consist of the normal mix of instruments, i.e., consultancy advice - both short and long-term provided by non-staff consultants; in-house consultancy services provided by staff direct to governments on economic and legal issues; training - short and long-term - containing a mixture of formal training, training attachments, seminars, workshops and international consultations; and the dissemination of publications which are most often the result of training programs.
50. Recognising the strengths of the Commonwealth and the CFTC and the areas in which assistance is being provided to promote good governance, it is suggested that the programs be focussed on four priority areas and institutions. These are the core institutions of government, promotion of the role of the private sector including an interface between the public and private sectors, law reform and development, and the promotion of democracy. Each of these priorities is discussed below and the proposed framework is presented in Table 1.

Strengthening Core Institutions

51. Core agencies such as the Ministries of Finance and Planning, Cabinet Offices, Public Service Commissions, Central Banks and Audit Offices are necessary for the functioning of governments. Repercussions are felt throughout the government administration when they do not function at an optimal level. This results in poor coordination and weak policy formulation, implementation and follow up.

Table 1

FRAMEWORK FOR GOVERNANCE

Priorities	Activities
Strengthening the Core Institutions of Government	Policy formulation, implementation and coordination
	Improve the budgetary process
	Reform the Civil Service
	Strengthen the Audit Office
Promoting the Role of the Private Sector	Strengthen business/government interface
	Improve corporate governance
	Establish the legal framework and regulations for financial markets
	Restructure public sector enterprises
Law Reform and Development	Legislation for private sector development
	Legislation for environmental protection and advancing the status of women and other disadvantaged groups
	Strengthen legal institutions
Democratic Development	Strengthen democratic institutions and structures
	Promote multiparty systems

52. Governments need to manage the *process of policy formulation, coordination and implementation* in an effective manner to improve the functioning of the public sector as a whole. In its absence, Cabinets lack adequate information (including budgetary analyses) to make policy decisions with a full consideration of the options. The lack of coordination results in costly overlap and inadequate follow up of implementation. *Improving the budgetary process* in Ministries of Finance and sectoral ministries covering budget preparation, financial reporting and monitoring performance will improve the capacity of the governments to use the budget as an effective tool to further their development agenda. It should also improve economic management as a whole including debt management. The quality of the civil service is critical for the performance of the entire public sector. *Reform of the civil service* in an integrated manner following a review of its various aspects such as recruitment and training, performance monitoring and evaluation, salary structure and manpower planning needs to be pursued as a priority in many countries. Action has also to be taken to *strengthen the functioning of the Audit Office* to improve the performance of the public sector. This will require legislation, staff training and the establishment of audit procedures (among others) and internal audit offices in individual ministries and other government agencies.

Promoting the Role of the Private Sector

53. The role of the state has been discussed in an earlier section of this paper. The state is being increasingly required to provide an enabling framework for the private sector to play a larger role in the economy. In this environment, several activities can be supported to bring about a better interface between the two sectors. One could be *the establishment of government/private sector business councils and other mechanisms* to promote dialogue between the two sectors. These were pioneered in Japan within the Asian region and have been replicated in other countries and found to be effective in facilitating the exchange of information and removing impediments to growth in the private sector. Another could be *improving corporate governance* to ensure greater transparency and accountability in the context of reform of public enterprises and the growth of the private sector. A third area is to *establish a transparent legal and regulatory framework for financial markets* to function in member countries. The inability to establish effective supervision of the financial system has been a major cause of the financial turmoil that affected East and South East Asia during

the second half of 1997. A fourth area could be support for *the commercialisation, privatization and disinvestment* of public sector agencies which need to be accompanied by changes in state subsidies, financial sector reform and corporate governance.

Law Reform and Development

54. The creation of an enabling environment for private sector development and advancing the status of women and other disadvantaged groups needs new legislation and the strengthening of legal institutions. Assistance is required in the area of private sector development for the preparation of commercial codes and legislation on capital markets, foreign investment, privatisation, competition policy and the regulation of monopolies. Legislation will also be required for protecting the environment and advancing the status of women and other disadvantaged groups. In addition, the institutions responsible for implementing the laws need strengthening to ensure that the new laws are justly applied and enforced.

Democratic Development

55. Democratic development is an area where the Commonwealth Secretariat could build on work that is currently ongoing. The focus should be to *strengthen democratic institutions and structures* involving support for watchdog institutions; establish codes of conduct for political parties and politicians; train election officials; conduct voter education programs; train politicians in parliamentary practice including committee stage discussions of the budget and important bills; and establish Public Account Committees etc. *Promoting multiparty systems* by observing the electoral process would be a continuation of the work that the Commonwealth Secretariat is already engaged in.

CONCLUSION

56. The CFTC's contribution to these programs can only be small. There are a few exceptions such as the programs in debt management and elections monitoring which are significant. Duplication should be avoided and consistency in approach vis-a-vis other donors ensured. It is therefore necessary to coordinate the delivery of the assistance with other agencies active

in the field, particularly the multilateral institutions. This can be done without sacrificing the quality of the assistance that will be provided.

57. The Secretariat can play a significant role in promoting good governance in the Commonwealth, much beyond the financing it provides due to the cohesive nature of and the trust that countries have in the institution, if its program delivery is effective and efficient. Success of the programs will depend ultimately on the political will of the countries to bring about change. Pressure from civil society organisations can assist in this process. Studies are being done to assess the impact of implementing governance issues on development, although quantification of results is difficult. A causal link between investment performance and some aspects of governance has been shown in a few studies. However preliminary these results may be they suggest that improved governance is an objective worth pursuing.

World Bank

World Bank assistance to countries for promoting governance has been principally through adjustment lending and related technical assistance, economic and sector work and research, and policy dialogue. This dialogue is conducted in the context of the Bank functioning as the Chair of the Consultative Groups and preparation of country assistance strategies and country economic memoranda. Sectoral adjustment loans extended by the Bank have supported various programs introduced to improve **public sector management**. They have included civil service reforms, improved financial management and state enterprise reform covering restructuring, closure, and divestiture and privatization.

Civil Service Reform has focussed initially on cost cutting and retrenchment followed by improving performance and better management of human resources. These changes have to be brought about as governments move from an interventionist stance to one which creates an enabling environment for the private sector to play a greater role in the economy than in the past. This would require governments to establish regulatory frameworks where these are necessary and provide the supporting infrastructure. It also requires a sharp distinction to be made between the core functions of government and those that could be contracted out to the private sector. Bureaucratic attitudes, the orientation of the government and functions of a leaner civil service need to change to support the reforms that are introduced. In transition economies, the immediate priority was to build capacity in core agencies for economic management.

Assistance for improving *Financial Management* has tended toward the establishment of integrated financial management systems instead of providing separate support for various aspects of financial management. These systems have comprised reforms in budget laws and budgeting procedures, modernisation of accounting and audit systems, introduction of computerised financial management systems, and reform of the taxation system and revenue administration among others. The changes introduced depended on whether systemic reforms were necessary or the changes could be evolutionary in nature.

The *Reform of State Enterprises* has been a major component of adjustment operations promoting good governance given the extensive role of the public sector in many countries. These reforms have

covered the restructuring of enterprises involving all aspects of their operations such as the incentive structure, pricing, subsidy and labour policies, management practices etc.; the liquidation of loss making enterprises to ease the burden on the budget and reduce crowding out of the private sector; and privatisation and divestiture to promote competition and efficiency.

Governments must be **accountable** at a political level to those they rule through participating in democratic processes for seeking power and for the core functions they perform. The achievement of this objective has been supported by Bank assistance in a number of areas. One has been through the *Decentralisation of Government* which has taken place in many countries as a result of more democratic and participatory methods of exercising power and the abandonment of central planning and management. These changes should not lead to the dilution of the central government's capacity to deliver core functions. Capacity has to be built up at the local government level to perform the decentralised functions and be held accountable for their delivery.

Support has been provided for improving *Financial Accountability* in both the public and private sectors with the focus being on the former. This has involved establishing the frameworks for sound financial management comprising improvements to budgeting, accounting and auditing and enacting supporting legislation and training cadres of accountants and auditors. It is equally important that similar improvements be made in the financial accountability of the private sector.

Programs supported by the Bank have helped countries to draw public attention to and reduce opportunities for *Corruption*. Examples of these are reforms of the trade regime which reduce the opportunities for discretionary treatment by customs, and import and exchange control officials; strengthening the tax administration to prevent large scale tax evasion; and reduction and, where possible, abolition of controls and licensing requirements. Such action has become possible in the context of liberalising economies and reducing the role of the public sector in the economy as a whole. Needs have varied across geographical regions and the level of development of the countries. While these actions could reduce rent seeking behaviour in the civil service, large scale corruption at the political level can only be tackled through public pressure bolstered by donor pressure expressing concerns on aid effectiveness. An effective policy dialogue would be the instrument available to the donor community in this area.

A **Legal Framework** is necessary to provide stability and predictability for civil and commercial activities, ensure that effective institutions are in place for their uniform application, and provide for the resolution of conflicts through decisions of an independent judiciary. Such a framework can also

improve the prospects for social development and poverty alleviation by assisting in the struggle against discrimination, protecting the socially weak and creating and distributing opportunities in society as a whole.

The Bank has begun emphasizing the need for a comprehensive legal reform agenda, including the establishment of enforcement mechanisms and strengthening the judiciary and regulatory institutions. A variety of instruments have been used to assist countries to improve their legal systems. Legal reform and drafting new legislation have been components of sector or economy wide adjustment operations. Investment loans have contained components covering legislation and the legal system. In addition, there have been stand alone technical assistance projects and grant assistance from the Institutional Development Fund of the World Bank. Experience has shown that there must be a strong political commitment to this and other reforms and that new legislation should take account of the social, religious and customary factors in a society.

Transparency and Information encompass all aspects of governance, in particular the concept of accountability. Efforts to improve accountability will likely involve parallel or reinforcing measures to improve transparency. It is important for governments to explain their policies and programs as they adopt market mechanisms for economic management. In its absence, public support will not be assured for change and there will likely be resistance in government bureaucracies. Further, public confidence in the divestiture process of state owned enterprises can be maintained only if there is transparency as demonstrated by the experience in several countries. Similar openness is necessary in the private sector.

Transparent financial reporting is necessary in both the public and private sectors for a market economy to function efficiently. It reduces transactions' costs and the possibility of the misuse of funds and facilitates decision making. Financial transparency enhances the accountability of the policy maker in the public sector. The adoption of internationally accepted financial reporting standards by the private sector is necessary to attract foreign investors and international creditors and facilitates the growth of financial markets.

World Bank experience in this aspect of governance has varied by geographical region. In Latin America and the Caribbean where there were major political obstacles to greater transparency in the past, Bank operations focussed on improving financial management and introducing transparent budgetary systems. In South Asia, the introduction of program budgeting has been supported to make explicit the relationship between goals and expenditure than the line item budgeting systems that

had been in place. A variety of policy changes have been supported in Africa where concern for transparency led to financial accountability assessments being done in the region as economic and sector work by the Bank. In Eastern Europe and Central Asia, which had no tradition of openness in administration, progress in budgeting, financial reporting and procurement has been much slower.

Whatever aspects of governance are covered by the operations of the World Bank and other donors, **policy dialogue** with borrowing countries is important for discussing issues that are sensitive in nature, some of which are economic. The nature of the dialogue has changed over the years responding to changes in the political and economic framework. It is conducted at different levels. The first is through the donor coordinating mechanism of Consultative Groups which provides a forum for open discussion of issues that are of concern to the donor community. The second is through discussions between the Bank's senior management and the political leadership of borrowing countries. The third is through regular exchanges between the Bank's country teams and their counterparts in governments and the fourth is through exchanges on a day-to-day basis between the Bank staff in resident missions and government officials.

The World Bank has reported that in the first half of the 1990s issues relating to military expenditure, transparency, human rights and democracy, accountability, the legal framework for development and public sector management were frequently discussed. Governments were urged to,

- strengthen their accounting and audit capacity and decentralise some decision making to local governments to promote their development,
- ensure participation of nongovernmental organisations and concerned citizens in the development process,
- make reliable and relevant economic information available to the public on a regular basis,
- establish a legal framework to promote the development of the private sector and improve the management of the public sector, and
- ensure the independence of the judicial process, transparency of laws and freedom of the media.

High levels of **military expenditure** are a concern when they are not related to a direct military threat to the sovereignty of a country. Military budgets lack transparency and are often no more than a single line item in budgets. Further, expenditures are not adequately accounted for or audited. In some instances, state enterprises producing defence related materials are a heavy fiscal burden but are not subject to the same accounting and auditing standards of other state enterprises. Bank experience in this area has led to several conclusions. First, although military expenditures crowd out

productive programs in the social and economic sectors when receiving budgetary allocations, it has been difficult to establish a direct inverse relationship between economic growth and military expenditure. Second, military expenditures have figured prominently in the policy dialogue with countries that have a high level of dependence on foreign aid. Third, the civilian control of the military as established in industrial democracies in the west provides a framework for public scrutiny of military expenditures in the same manner as in civilian programs. If developing countries adopt this approach it is possible that the military budget will reflect a country's genuine security needs against aggression.

The World Bank deals with those aspects of **human rights** that are relevant to its mandate. It does not take account of political dimensions in its lending decisions except in situations where the violation of human rights has created conditions hostile to the implementation of projects and programs or brought about other adverse economic consequences. The Bank's Articles of Agreement prohibit it from taking political considerations into account, interfering in the political affairs or being influenced by the political orientation of the country. Accordingly, the Bank's efforts have been to focus on those rights that are economic and social in nature. Its position in this area is embodied in the strategy on poverty reduction which has two major components. The first is to promote the productive use of the most abundant asset that belongs to the poor - its labour and the second is to provide basic social services such as primary health care, family planning, nutrition, and primary education to the poor. This strategy is expected to improve the economic and social human rights of the poor though it may need to be supported by targeted transfer programs and social safety nets.

United Nations Development Programme

The UNDP has identified five priority areas for channelling support for governance which are:

- governing institutions covering the legislature, judiciary and electoral bodies;
- public and private sector management;
- decentralisation and support for local governance;
- civil society organisations¹⁷; and

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Civil society consists of individuals and groups, both organised or unorganised, who interact in the social, political and economic domains and are regulated by formal and informal rules and laws. Civil society organisations are the multitude of associations around which the society voluntarily organises itself

- improvements to many systems including those involved with planning and management, information and new technologies, and reporting and accountability.

There are several areas in *economic and financial management* that are important for achieving sustainable human development. These are macroeconomic policies, the external sector (covering trade, aid, debt and investment), market regulation, privatisation, social safety nets and resource management. The UNDP recognises that the Bretton Woods institutions and several bilateral donors have more resources than it does to support programs in these areas. However, it has considerable experience and provided support in the areas of,

- a) aid coordination and management,
- b) engaging the civil society and private sector in policy development and the management of development resources, and
- c) building capacity in economic policy analysis, formulation and management, budgeting, debt management, regulatory frameworks and national accounting.

It has also assisted governments to introduce economic and financial policies that empower women, the poor and other marginalised groups in society.

The UNDP has promoted the *decentralisation of governments* and supported many public management reform programs which focussed on decentralisation and strengthening local institutions. It has supported projects at the country, regional and global levels to build capacities for decentralised governance. These include,

- institutional analysis and the formulation of decentralisation policy;
- strengthening local authorities;
- direct support to civil society organisations concerned with local governance issues;
- support to rural institutions and their management;
- implementing pilot projects at the local government level; and
- evaluating, documenting and disseminating the decentralisation experiences.

Civil Society Organisations that are involved in development can complement the role of the down sized and restructured state. The UNDP's traditional partner has been the government but its interaction and support to these organisations is increasing. It has assisted countries to identify an appropriate role for them and improve their relationship with the government. These organisations are weak in many developing countries. In view of this, the UNDP has provided direct assistance to develop their capacities to plan, manage and implement projects effectively and accountably. They can also be assisted to research, advocate and monitor issues critical for sustainable human

- assist governments in developing procedures for financial accountability by providing technical assistance and networking to enable them to build the capacity of audit institutions and public accounts committees;
- support governments undergoing transition to democracy by providing technical assistance for public service and law reform, regulatory reform and policy development;
- support improvements in the functioning of democratic institutions such as legislatures, legislative committees, Offices of the Speaker etc. by providing training, equipment and facilities, arranging study tours to Canada and establishing linkages with Canadian institutions;
- support the development of the electoral process by providing technical assistance for conducting voter education campaigns, strengthening electoral institutions and financing Canadian and domestic observer groups for elections;
- improve the functioning of the legal system by training judges and other members of the judiciary and providing equipment and other facilities including law reports;
- support law reform through technical assistance in the areas of gender equality, land rights, family law, the media and conditions of work;
- strengthen the advocacy role of the civil society organisations by building the capacity for independent social, economic and political analysis through training and technical assistance; and
- increase the participation of women and other marginalised groups in civil society by providing support for education and outreach programs.

CIDA works with several groups of agencies in the delivery of its programs of assistance. At the national level, the relevant government agencies would be the departments of justice, education and foreign affairs, legislatures and legislative institutions, public service commissions, law reform commissions and the court system etc. The civil society organizations that CIDA works with are grassroots nongovernmental organisations, churches and church-based organisations, cooperatives and cooperative federations, trade unions and trade union federations etc. There are some regional and international organisations involved in the implementation of programs supported by CIDA.

Organisation for Economic Cooperation and Development

The OECD approach to good governance has been to suggest programs for donor support among its members in the areas of public sector management, the rule of law, controlling corruption and military expenditure which it has identified as important dimensions of governance. These are a part

- assist Ministries of Finance in procedures for budgeting (including investment programming) and public expenditure management, training staff in project formulation and analysis to improve the preparation of public investment programs, creating or improving financial information systems, and improving the administration of tax and customs offices; and
- assist in collecting baseline data on government employees, undertake reviews of ministries and state enterprises that need restructuring, contribute to programs intended to pay off redundant public sector employees and promote private sector activities that will replace those done by the public sector.

The excessive role of the state, bureaucratic approaches to resource allocation, weak systems of accounting and poor enforcement provide ample opportunities and incentives for *corruption* in developing countries. Action has to be taken at all levels of the government and business to address the causes of corruption particularly the low salaries paid to civil servants. Further, in the case of international commercial contracts involving either aid funds or the country's own resources, it should be recognised that there are always two parties to every corrupt deal. Among the programs that have been recommend for support by donors are those intended to,

- adopt market approaches to the allocation of resources and introduce international competitive bidding;
- strengthen institutional capacity for implementing transparency and accountability standards in both the public and private sectors; and
- assess the effectiveness of the procedures in place in both donor and recipient countries to ensure honesty in the conduct of business and the use of aid funds.

Excessive military expenditure diverts scarce resources from development needs. There is no agreement on what constitutes an appropriate level of expenditure in relation to a country's legitimate defence needs against aggression. There is also a lack of transparency of the magnitude and details of military expenditures in most countries. In more recent years, public expenditure reviews conducted by the World Bank and budget analyses by the IMF have been able to identify the scale of total military expenditure in some countries. At a macro level, the donor community should address the level of military expenditure in the context of the policy dialogue conducted with governments either at meetings of the Consultative Groups or other high level consultations. The donor community can assist developing countries,

- to define through dialogue appropriate definitions of the roles of civilians and the military;
- on methods of reducing military expenditure without jeopardising legitimate security needs; and

Annex 2**Documents Reviewed****World Bank**

1. Governance, The World Bank's Experience, 1994
2. Putting Institutional Economics to Work: From Participation to Governance, R Picciotto, 1995
3. Governance and Returns on Investment, Isham, Kaufmann and Pritchett, 1995
4. In Search of Owners, Lessons of Experience with Privatization and Corporate Governance in Transition Economies, C.W.Gray, 1996
5. Ownership and Corporate Governance, Claessens, Djankov and Pohl, 1997
6. Role of Government in Economies of Developing Countries, J.E.Stiglitz, 1997
7. Annual Report 1997
8. World Development Report 1997: The State in the Changing World

OECD

9. DAC Orientations on Participatory Development and Good Governance, 1993
10. Policy Note on Strengthening Country Level Coordination for Participatory Development and Good Governance, 1996
11. Development Cooperation: The Report of the Development Assistance Committee, 1996

Canada

12. Toward Better Governance: Public Service Reform in New Zealand and its Relevance to Canada, Office of the Auditor General, 1995
13. Strengthening Legislative Audit Institutions in Developing Countries: A Catalyst to Enhance Good Governance, Office of the Auditor General, 1995
14. Government of Canada Policy for CIDA on Human Rights, Democratization and Good Governance, CIDA, 1996

UNDP

15. Governance for Sustainable Development, A UNDP Policy Document, 1997

Asian Development Bank

16. Managing Development through Institution Building, H.L.Root, 1995
17. Governance: Sound Development Management, 1995
18. Working Paper on Anti-Corruption Policy, 1997

Introduction

Of the 53 members of the Commonwealth, 49 are developing countries, for whom the main challenges are the elimination of poverty and the promotion of sustainable economic and social development. It is not surprising therefore that a central pre-occupation in Commonwealth discussions and programs is co-operation among member countries for development.

The Commonwealth includes some of today's most dynamic economies, as well as those for whom development remains a daunting task. It is made up of both large countries and many small ones with population of less than 1.5 million. The Commonwealth thus provides a rich opportunity for its members to learn from each other's experience and draw lessons for economic and social management.

Co-operation among Commonwealth members is varied including the Commonwealth Science Council, the Commonwealth Youth Program and the Commonwealth of Learning. I will focus today on the Commonwealth Fund for Technical Co-operation as the most visible development arm of the Commonwealth.

The Commonwealth Fund for Technical Co-operation or CFTC was established over 25 years ago. It was conceived to encourage all member countries, including the smaller and least developed, to contribute to what was then seen as a new operational partnership.

This sense of partnership was also the focus of the CFTC's mandate and mode of operation, which were to use donor party financing to provide for co-operation between all members of the Commonwealth, drawing, where possible, on relevant experience, skills and training facilities in developing countries and to be highly responsive to the priorities and needs of

Notes for a presentation to the Commonwealth Colloquium by

Today, the CFTC is regularly used by developing countries, and particularly the smaller ones, as a major and distinctive benefit of the Commonwealth.

Carolyn McAskie

Vice-President, Multilateral Programs, CIDA

Commonwealth Technical Co-operation into the Next Millennium

(CHECK AGAINST DELIVERY)

Introduction

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Today, the CFTC is frequently cited by developing countries, and particularly the smaller states, as a major and distinctive benefit of the Commonwealth.

What is the CFTC? It is a very small fund - which represents a very small proportion of the aid programmes of the major contributors. Its current budget is £26.3 million (a little over C\$ 60 million)

It is essentially a South-South technical assistance program which utilizes a mix of three assistance instruments: training, the provision of qualified specialists to reside and work in member countries, and the provision of technical advice provided both in-house or through outside resources.

It funds numerous small-scale activities -- the average project size is about C\$100,000. The CFTC is completely responsive and its turn-around time to follow up on requests is very quick.

What are the key challenges facing the CFTC?

It is small and it is not likely to get much bigger. In the first half of this decade, continuing fiscal pressures in the large contributing countries have resulted in a 30% decline of CFTC resources in real term. Since then, 22 countries out of 53 have increased their pledges by an average of 33%. Prime Minister Chrétien announced at CHOGM that Canada was increasing its contribution. Nevertheless, the CFTC will remain small compared with other, larger, multilateral organizations.

As the major development arm of the Commonwealth, the CFTC is often pushed into expanding into new areas of co-operation as new issues arise on the Commonwealth agenda. Such pressures have led to a multiplication of programmes and activities. Dispersion is very costly, not only in terms of resources, but more importantly in terms of effectiveness.

Potential for duplication with other technical assistance bodies is also an important issue. For instance, heads of governments decided at CHOGM, last October, to add to CFTC's range of activities by creating the Commonwealth Trade and Investment Access Fund to assist Commonwealth developing countries the process of adjusting to, and taking advantage of, the opportunities of globalization. Other organizations such as UNCTAD, ITC and WTO already provide assistance to developing countries in those areas. The CFTC will need to ensure co-ordination with those important donors to avoid duplication and build on its comparative advantages.

The CFTC in the New Millennium:

The CFTC enjoys a very good reputation among Commonwealth developing countries. Over the past 25 years, its original formula for technical assistance was able to withstand the changing environment of development. Can the CFTC remain unchanged in the face of new external pressures? What should be its role in the new millennium?

The comparative advantages of the CFTC are its speed, its flexibility and its responsiveness to special needs. The sharing of common values, systems, procedures and language is also an asset.

As we move closer to the millennium, we can identify key global trends that impact on development. They include:

- the globalization of the economy and the diminishing importance of development assistance compared to international private financial flows;
- the diminishing role of the state in economic management;
- the increased role of civil society in social and economic development;
- increased attention paid to women and youth as key actors in social and economic development;
- major environmental changes such as global warming and their impact on our societies.

Pushing the idea even further, country co-ordination could provide the basis for developing projects within a larger context, around the needs of small and poor middle states in the XXIst century. Those needs are numerous and range from the impact of globalization, to national security, to environmental vulnerability. The CFTC's current mix of programmes and projects could be revisited in light of those more targeted areas of needs. Given the importance of the small states "problématique" within the Commonwealth, many studies already exist identifying areas for assistance.

The important concept of partnership between member countries need not be sacrificed either with geographic focus on small states. Lessons learned from the vulnerable small states can indeed benefit other larger developing countries and small states can benefit from the experience of larger, more industrialized developing countries.

Conclusion:

I have suggested today that the CFTC could focus its programmes and activities by limiting its geographic spread to small and poorer states. This proposal was of course raised here today for the purpose of stimulating the debate on the future of technical co-operation within the Commonwealth.

I hope I have been able to suggest concrete examples of how the Commonwealth can achieve higher impact by being more strategic. The CFTC as we currently know it is very well received by its members and highly appreciated by the recipient of its assistance. But can it survive into the next millennium without reinventing itself? The answer, I suggest, is no. History so far has proven that the CFTC has changed with the times and that this has been one of its strengths. I am convinced that it will be able to adapt, again, to the new challenges of the XXIst century for the benefit of all its members, developing or developed.

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Prospects for the new Millennium**

Paper presented at the Colloquium:

"The Commonwealth in the 3rd Millennium"

Ottawa, February 20-22, 1998

Karl A. Smith

Health/Research Consultant

Commonwealth Cooperation in Health: Prospects for the next Millennium

Introduction

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Commonwealth Cooperation in Health: Prospects for the new Millennium

Introduction:

This paper is written, by a public health practitioner, from a broad health perspective, and not the usually more visible and tangible, clinical and medical one, in some ways more constricted, of which the general public is usually more aware.

Given the rapid rate at which health and medical technologies have been developing, tried out, discarded and changed, especially over the past few decades, it would be both pretentious and presumptuous to try to do more than review some of the present problems, preoccupations and issues in health which are of relevance to the Commonwealth nations, and to speculate on some of the directions which might to advantage be taken together in the first decade or two of the new millennium, to our mutual benefit.

Background:

Human Development, and Health and Development Indices

The United Nations Development Programme's (UNDP) annual Development Report, widely regarded as the "Bible" of development achievements, is awaited with great anticipation every year. The latest available was for 1997 (1)

The emphasis in this report is on **Human Development** to eradicate poverty. Great success is claimed in the 20th century, but uneven and marred by setbacks, so that poverty remains pervasive. More than 1/4 of the people in the developing world still live in poverty. One third - one billion people, live on less than \$1.00 per day. South Asia has the most people in poverty, Africa the highest proportion, income poverty rather than human poverty prevails in Latin America and the Caribbean; the greatest deterioration is in Eastern Europe. There are more than 100 million in income poverty in the industrialized world. Danger signs are:

- slow economic growth, especially in the developing countries
- conflict in some 30 countries, mostly in Africa
- slow advance in such key areas as nutrition
- risks such as HIV/AIDS

There is one well known mirage, in Central and Eastern Europe, of a transition from other economic models to market economies that has been costly and difficult, with declines in GDP, falling wages, growing crime, loss of social protection, and a

Globalization is discussed, perceived largely as benefiting the dynamic and powerful countries. Vested interests are mentioned. The need for partnerships is raised, embracing all groups in societies: politicians, academics, other leaders, and the poor.

Other issues raised include state activism, stamping out corruption, and the cultivation of democracy.

The challenge is presented for poverty eradication in the 21st century, by :

- Increasing life expectancy at birth to not less than 46 years by 2000 AD; to 70 by 2005, 75 by 2015
- Reducing the under 5 mortality rate (U5MR) to 70 by 2000, 45 by 2015
- Reducing the infant mortality rate (IMR) by half from the 1990 level by the year 2000, by another half by 2015
- Reducing severe and moderate malnutrition in under 5s by half from 1990 levels by the year 2000; and attending to the gender gap.
- Achieving universal access to high quality, affordable primary health care (including family planning) by 2005; removing all programme-related barriers.
- Eliminating guinea worm, Iodine Deficiency Disease and Vitamin A Deficiency.
- Achieving universal access to basic education and the completion of primary education by not less than 80% of school age children by 2000; by 2015 to have universal primary education in all countries.
- Reducing adult illiteracy by not less than one half from 1990 levels by the year 2000; by 2005 closing the gender gap in primary and secondary school education; by 2020 reducing female illiteracy by a half from the 1990 level.

The need to set up a monitoring process to assess progress was stressed, as was the need for national policy making in these regards.

Table 1, below shows the Human Poverty Indices, elaborated as outlined above, allotted to a selection of Commonwealth countries, with their rankings.

The table following (Table2), shows Human Development Indices, the other side of the coin, so to speak, for a similar (but not exact) selection of Commonwealth countries. Using this index, it is achievements rather than that are being measured. Here, the highest index gets the smallest ordinal number. So Canada is the greatest!

In both tables indices for non-Commonwealth countries are given for purposes of comparison.

Table 2
Human Development Indices (HDI):
Selected Developing Commonwealth Countries, 1994

Country	HDI	Rank
Hong Kong	0.914	22
Barbados	0.907	25
Singapore	0.900	26
Antigua & Barbuda	0.892	29
Trinidad & Tobago	0.880	40
Malaysia	0.832	60
Jamaica	0.734	84
South Africa	0.716	90
Botswana	0.673	97
Guyana	0.649	104
Namibia	0.570	118
Papua New Guinea	0.525	128
Zimbabwe	0.513	129
Ghana	0.464	132
Kenya	0.463	134
Lesotho	0.457	137
India	0.446	138
Pakistan	0.445	139
Nigeria	0.393	141
Zambia	0.369	143
Bangladesh	0.368	144
Tanzania	0.357	149
Malawi	0.320	161
Gambia	0.281	165
Sierra Leone	0.176	175
Canada	0.960	1
France	0.946	2
Norway	0.943	3
USA	0.942	4
Japan	0.940	7
New Zealand	0.937	9
Sweden	0.936	10
United Kingdom	0.931	15
Russian Federation	0.792	67

Source: UNDP: Human Dev. Report; Oxford U. Press, 1997

Access to sanitation is presented somewhat differently in another UNICEF publication, *The Progress of Nations, 1997* (4), from which the following table (Table 4) is derived.

Table 4
Access to Sanitation, Selected Commonwealth Countries, 1996

Sub-Saharan Africa	Level of Access *	East & South Asia & Pacific	Level of Access
Kenya	1	Australia	1
Tanzania	1	Malaysia	1
Botswana	2	Singapore	1
Cameroon	2	Sri Lanka	2
Ghana	2	Bangladesh	3
Mozambique	2	India	3
Nigeria	2	Pakistan	3
South Africa	2	New Zealand	No data
Uganda	2		
Zambia	2		
Zimbabwe	2	Americas	
Gambia	3	Jamaica	1
Lesotho	3	Trinidad & Tobago	1
Namibia	3	Canada	No data
Malawi	4		
Sierra Leone	4		

Rankings:

1. 75-100% access
2. 50-74% access
3. 25-49% access
4. 0-24% access

Source: *The Progress of Nations*, UNICEF. New York, 1997

Without access to safe water, sanitation, and various other public health measures, communicable disease epidemics flourish. Because of decreased funding and increasing population, access to sanitation in the developing world has declined.

Reference was also made to the commercial exploitation of children, locally and as prostitutes, which is known to be prevalent in several countries, and the inevitable health effects of which include HIV infection and AIDS.

Suggestions for the role of the private sector included collaboration with the public agencies, or institutions, for better working conditions.

Demographic and Health Indices

Crude Birth Rates:

Overall, the figures (not shown) attest to great improvements since the 60s. Rates are still too high in the poorest countries, where they remain in the 30s and 40s. They are now relatively low in such countries as Trinidad and Tobago, Jamaica, Sri Lanka (20 in all 3). The lowest are found in the industrialized countries, with Spain, Germany, Italy, Greece and Hong Kong having the very lowest, around 10 births per 1000 population in a given year.

Crude Death Rates:

These (also not shown here) have fallen more markedly, even among the poorest countries (the teens to just over 20). Sierra Leone has the highest rate: 27 per thousand people in the population in 1996. The industrialized countries have rates of about 10 to 12. The very lowest are in such countries as Trinidad & Tobago and Jamaica. At 6 and 6 respectively, they reflect both progress and the youthfulness of the populations. They were already 9 and 9 respectively in the 1960s.

Total Fertility Rates, 1995:

These (not shown) are still in the range of 6 to 7 in the least developed countries; about 4 to 5 in the middle group; and down to 1.2 in Hong Kong, 1.3 in Germany, 1.8 in the UK and 2.1 in Ireland. Canada's is 1.7. They are a reflection of the total number of children a woman may be expected to have during her full reproductive life span, present circumstances prevailing.

The next table, below (Table 5), using data from the 1998 UNICEF report (3) (See below), gives an indication of the levels of infant mortality* and under 5 mortality** rates (estimated) in several Commonwealth countries. The lowest IMRs are the best. The lowest U5MRs yield the highest U5MR rankings.

Infants with **Low Birth Weight** show a similar ranking (Cage, 1994), with variations.

Notable:	Bangladesh	50%
	Sweden	5%

Source: Ibidem, pp.98 to 101

The **1998 edition** of "The State of the World's Children" is devoted overwhelmingly to matters of nutrition/malnutrition. It defines various manifestations/syndromes of malnutrition and makes links to intellectual development; , examines the negative relationship between poor sanitation and growth; examines breast feeding, its advantages and its obstacles; and looks in detail at micronutrient deficiencies and their effects. Several cameos are given featuring gains in nutrition in various parts of the developing world.

Nutrition is a major constituent of the aid policies of many donor countries, including Canada and the United Kingdom, as reported below in this paper.

Seemingly one of the most intractable health problems in the world is the deaths of women due to causes related to pregnancy and childbirth: **maternal mortality**. Rates in the developing world are overly high, compared with the industrialized world. Underlying causes are many and complex. The next table (Table 6, on p. 12) is derived from some given in the 1998 "State of the World's Children", showing rates for selected countries, and demonstrating very well the great differences.

The Commonwealth and Prospects for collaboration in Health

Needs

The basic development needs of people have in recent years been spelt out by the international agencies, the UK government in its White Paper (see below), and other bilateral agencies. With slight variation, depending on the scope of definitions of health, they include primary health care services, with family planning; nutrition; water and sanitation. Specific diseases and conditions to be confronted include malaria, tuberculosis, HIV/AIDS and other sexually transmitted diseases, nutrient deficiencies (notably the micronutrient deficiencies of iron, vitamin A, iodine) affecting women and children particularly. Special attention is recommended for the problem of maternal mortality, overwhelmingly high in sub-Saharan Africa.

It is clear that much is left to be done, particularly in the Commonwealth countries of South East Asia and sub-Saharan Africa.

continued on p. 13

continued from p. 11

Leaders and partners

By virtue of their economic activity and status, there would seem to be about 4 natural leaders and donor partners in the Commonwealth: The United Kingdom, Canada, Australia and New Zealand. With time and stability, other members could before long become major partners also: Nigeria, India and South Africa.

It is heartening to observe that, after years in which the United Kingdom seemed to have drifted away and lost some interest in the Commonwealth and its well-being, it is once more assuming a natural leadership mantle. This appears to be a genuine effort to play an appropriate role, as a middle power with great experience, in a world in the process of change, not all for the better.

Contemporaneously, changes are taking place in the way in which health services are structured, funded and delivered in the UK itself (5). The public health could likely again become more of a social service, after substantial modifications.

The characteristics of the Commonwealth, which make it a great persuasive force for peaceful change, and a good example of how people of diverse origins, cultures, religions and ethnicity have been able to work together for mutual benefit, have been described by others who have written papers for this colloquium.

There are in other parts of the Commonwealth lesser economic powers than the big 4 which, even with their limited resources, can also play important roles, especially within a family of 54, having a common language and many common traditions and institutional approaches.

Resources

1. Finances

The United Kingdom and Canada are the wealthiest members of the group, and therefore potentially the largest donor partners. Both have promised to raise their ODA back to the UN proposed level of 0,7% of GNP, as soon as possible.

Table 7 shows what they and the others in the club are managing to do at present.

Table 7
Aid Flows, Selected Donor Countries. 1984/85 and 1994/95

Country	HDI Rank	As %age of GNP		ODA per capita (\$US)	
		1984/85	1994/95	1984/85	1994/95
Canada	1	0.50	0.38	82	73
France	2	0.62	0.55	120	137
Norway	3	1.02	0.87	210	255
USA	4	0.24	0.10	51	33
Netherlands	6	0.97	0.81	172	172
Japan	7	0.31	0.28	88	106
Finland	8	0.38	0.32	67	59
New Zealand	9	0.25	0.23	31	31
Sweden	10	0.83	0.77	172	189
Australia	14	0.47	0.36	68	62
United Kingdom	15	0.33	0.28	48	53
Denmark	18	0.83	0.96	191	273
Germany	19	0.46	0.31	85	81

Source: UNDP Human Development Report. Oxford U. Press, 1997

2. Institutions

This relates to both learning and what one might call facilitating institutions.

The UK has many and well-respected learning and training institutions in the health field. So far as the above needs are concerned, one has only to mention the schools of tropical medicine and public health in London and Liverpool; and they are well placed to attend to the training needs especially of the African countries. Though the latter have their institutions, some of them well-known (Uganda, Nigeria), they have by and large run into difficulties of resource constraints.

Concerning facilitating institutions, the British Council arranges for placement in learning/training institutions; the Commonwealth Fund for Technical Cooperation (official, non-NGO), offers small scale technical assistance, provides experts and short-term consultancy services, and also offers education and training opportunities, among other things. Health could become a priority for the CFTC. There are several other facilitating institutions.

In Canada there are likewise relevant, well-established and respected universities such as Toronto, Queen's, McGill, the University of British Columbia, the University of Manitoba in Winnipeg, and Memorial University in Newfoundland; bilingual Ottawa University; and the Quebec universities of Laval and Montreal, suitable for francophones within the (new and expanding) Commonwealth.

There are numerous Canadian NGOs, several of which, with an interest in one or another facet of health, operate overseas. Some are funded by the Canadian International Development Agency, the major conduit for Canada's ODA .

In Australia there are the notable Universities in Sydney (New South Wales) and Brisbane (Queensland). In New Zealand there are Auckland and others. These countries also have their facilitating institutions, usually within a Department of Trade and/or Foreign Affairs.

In the anglophone Caribbean, an area of the world at the middle level of development, the University of the West Indies (UWI), which celebrates its 50th anniversary this year, has a good reputation, and certainly in medicine/health. The present Director General of the Pan American Health Organization PAHO(/WHO) is an early UWI graduate. UWI and its collaborating other institutions (ministries of health, special laboratories etc, some supported by WHO and other donors and agencies, have been able to offer training appropriate to the needs of African countries in the process of development, for example.

At present one preoccupation of the Caribbean countries is in occupational health and safety, focusing on the protection of workers, and the development of standards, in the face of globalization and competition. Help is forthcoming from WHO/PAHO and the ILO (6). Other regions, in Africa for example, ought to be able, through WHO/PAHO, to benefit from their experience

A somewhat new Caribbean institution is the Caribbean Environmental Health Institute, based in St. Lucia. With prodding from the CARICOM Ministers responsible for Health, it was established in 1988 to provide technical and advisory services to member states in all areas of environmental management. It serves as a training institution, a regional reference centre, and is involved with standards. It cooperates with some 14 organizations, predominantly regional, but a few from Canada, the USA and Germany (7). Such a centre is a tremendous asset to the Caribbean, and potentially the Commonwealth. There are doubtless several other specialized regional facilities in Commonwealth countries relevant to health development.

One might conclude that with help, from the Commonwealth or elsewhere, these Caribbean institutions would be able to increasingly offer such collaboration.

There are other well respected health training institutions in India: New Delhi, Calcutta, Bombay, Madras among them, and in management in Bangalore and other cities; Colombo in Sri Lanka; Kuala Lumpur in Malaysia; Singapore, though expensive. All of these Commonwealth institutional facilities can be used in rational, imaginative and rewarding ways, while avoiding any appreciable brain drain from the least developed country partners.

Tuition Fees

A most unfortunate and troubling situation arose in recent years, which affected Commonwealth cooperation. First in the UK (1982) and then in Canada (about 1990), government policy encouraged increased university tuition fees for all overseas students, regardless of origin. This approach was then adopted by Australia and New Zealand. The effect on Commonwealth developing countries has been disastrous. These donor partners should now be encouraged and convinced that they should change this approach to (differential) tuition fees.

Commonwealth "Institutions" in Common

In the Commonwealth at large there are several facilitating institutions. There is, for example, the Association of Commonwealth Universities, some 85 years young, with about 450 members in 33 countries; there are some 200 Commonwealth NGOs; there is a Commonwealth Scholarship and Fellowship Plan. There is a Community of Learning, offering distance education, designed to overcome problems of logistics and costs, using modern communication and information technologies. Others are the Commonwealth Higher Education Support Scheme, and the Commonwealth University Study Abroad Consortium. Current is a Human Resources Development Initiative, in which primary health care, and nutrition, are among key constituents of Human Resources Development. For further details of these institutions, one is referred to the fine paper in this colloquium by Larose (8).

ODA Policies of the Major Donor Partners and their Relevance to Health

1. The United Kingdom

In recent times British ODA has concentrated on poverty reduction and concern about the environment: "improving economic and social conditions for the poorest people in ways that will enable them to better their lives without becoming reliant on external support or damaging the natural resources on which they depend. In this, support was given for improving health within the countries' own agendas for development. Most aid was bilateral, the majority going to the poorest countries, with a bias towards the ex-colonies. There was selectivity as well in activities, population and reproductive health having been most prominent recently. There was some multilateral support.

The Government legitimizes its role on the basis of having been elected on a renewed commitment to the principles of social justice - security for all, access to **health** and education services, strong social institutions, greater equality and the provision of opportunity. **"What we want for our children, we want for all children.** These principles form the basis of our international as well as our national policies. The Government has already made clear its commitment to human rights and a more ethical foreign policy". It pledges to contribute to the elimination of poverty in poorer countries, "not just through its bilateral and multilateral development programmes, but through working collaboratively with other government departments to promote consistency and coherence in policies affecting their development".

Targets are set which are similar to those expounded by the UN agencies. The hope is that international development problems can be resolved with the political will of both poorer and richer countries; and the UK government, having that will, shall seek to mobilize it elsewhere.

Proposed interventions include support for the provision of the **basic necessities of life, water and food, investment in education, health and family planning services,** among others. At the Denver Summit in mid-97, the Prime minister had made a specific commitment to raise by 50% bilateral support for **basic health care, basic education and clean water in Africa;** but, in addressing realities in a balanced way, there is a promise to look simultaneously at good quality obstetrics units for example, and transport facilities to get women to them quickly, in order to improve maternal health in the developing countries.

There is a call for the whole international community to work together to achieve consensus on priorities, and to link them to targets; and for donor partners to coordinate and complement multilateral and bilateral efforts. It is pointed out that multilateral institutions (such as the WHO), by their political neutrality, and their technical expertise, can successfully assume leadership and coordination roles on major problems and global issues(environment, AIDS among others).

There is a promise that **the Commonwealth will have a full part to play in poverty elimination. Many of the countries in which the UK is most active and where they will be seeking a new partnership for development, are Commonwealth members.** "The Commonwealth has an essential part to play in promoting understanding across a wide and diverse range of countries particularly through its support of education, including the prestigious Commonwealth Scholarships and Fellowships Scheme. Its strength lies in its informality and its ability to mobilize the political will for poverty elimination"

The UK Government, at the Commonwealth Heads of Government Meeting in Edinburgh in October 1997, had asked for increased Commonwealth support for poverty elimination targets.

In terms of bilateral cooperation, an important observation is the commitment of the UK Government, in the case of low income countries which are themselves committed to poverty elimination and pursuing sensible policies, to enter into a long term partnership, providing a longer term commitment, an enhanced level of resources and greater flexibility in the use of resources. (This, incidentally, was one of the approaches followed by Canada's International Development Research Centre, IDRC, especially in institution strengthening and capacity building for research, until Canada's recent economic difficulties dictated a modification, almost an abandonment, of such a practice. It is hoped that the UK will be able to live up to this commitment).

Other points to note are that:

- the involvement of British business, in an ethical fashion, will be pursued, for the mutual benefit of both partners.
- some British aid to Africa has already been untied, and the government will pursue not only complete untying, but encouraging other donor partners to do the same.
- the partnership with voluntary charitable and non-profit organizations will be strengthened; support to such British agencies will continue; and through them capacity building of developing country non-governmental organizations will also be strengthened.
- research will be the basis for monitoring and assessing success; and research capacity will be strengthened in the developing world and partnerships with the science community in the UK and internationally enhanced.

On **health matters**, or those which closely impinge on the public health, the following proposed actions are of importance:

1. **Environment:**
 - The promotion of urban development programmes that focus on improving employment, shelter, education, health, water, sanitation and energy provisions for poor people.
 - Action to ensure optimal use and protection of freshwater resources
2. **Trade, Agriculture and Investment:**
 - Paying increased attention to issues such as labour, environmental and

health standards, and helping developing countries build their own capacity to take advantage of globalization

- Working to ensure that the Multilateral Agreement on Investment fully reflects (their) commitment to **core labour standards** and that it prevents countries from lowering **environmental standards** to attract investment
- Seeking to strengthen the ILO's ability to make progress in eliminating exploitative and abusive practices throughout the world by increasing (their) support to its technical co-operation programmes, such as the International Programme on the Elimination of Child Labour, and by using its supervisory activities to encourage adherence to human rights in the workplace.

3. Environment Standards:

- Working where appropriate with developing countries to support their efforts to raise their domestic environmental standards..... to help them meet the UN target of implementing national sustainable development strategies by 2005.

4 Health Standards:

- Ensuring that the export and advertising of pharmaceutical products and other items such as tobacco and baby milk are conducted in a responsible way.
- Working with other governments towards a global ban on tobacco advertising. Meantime supporting an international code of conduct for transnational companies advertising tobacco products, covering the content and exposure of children to advertising, and the use of health warnings.

5. The British and ODA

- Increasing public awareness among the British people about international development and the forces that are shaping the world and their lives. This is to include the causes of poverty and inequality in developing countries, and what the international community can do.
Every child in Britain is to be educated about development issues.
Providing the public with a clear, unambiguous framework for the use of development funds.

The White Paper foresees substantial transfers of concessional development funds to the poorest countries until at least the end of the first quarter of the next century; and hopes that by then transfers on such a scale will be unnecessary.

It points out that development funds have been diminishing over recent years; in the case of Britain, down to 0,27 % of GNP. Not only will there be focusing of efforts, but the government will reverse the decline, moving towards the UN target of 0.7%, starting in 1999/2000. **All future assistance to developing countries is to be on grant terms.**

6. Human Rights and Development :

- Human rights necessary for survival and dignified living are seen to include:
 - the right to a standard of living adequate for health and well-being of the individual and his/her family, including food, water and housing, and the right to continuous improvements of living conditions
 - the right to the highest attainable standard of physical and mental health

In defining specific objectives in relation to the elimination of poverty in poorer countries, one finds under **Better education, health and opportunities for poor people** the following:

- lower child and maternal mortality
- basic health care for all, including reproductive services
- safe drinking water and food security
- effective universal primary education
- literacy, access to information and life skills
- emergency and humanitarian needs

Some international development targets mentioned under the rubric of human development, which will be used to monitor progress towards poverty elimination, and which are of health relevance, are:

- a reduction by two-thirds in the infant mortality rates for infants and children under age 5 **and**
- a reduction by three-fourths in maternal mortality, **all by 2015**
- access through the primary health-care system to reproductive health services for all individuals of appropriate ages as soon as possible, and no later than the year 2015.

The principles enunciated and stances taken in this new approach to partnerships for development should serve to inspire us all to greater accomplishments.

SECTION 2

Building Partnerships

We shall:

- Work closely with other donors and development agencies to build partnerships with developing countries to strengthen the commitment to the elimination of poverty, and use our influence to help mobilise the political will to achieve the international development targets.
- Pursue these targets in partnership with poorer countries who are also committed to them.
- Put in place new ways of working with the UK private and voluntary sectors, and the research community, towards the international development targets, including transforming the Commonwealth Development Corporation into a dynamic public/private partnership.
- Measure the effectiveness of our efforts, alongside others, against the targets, including the aim of halving the proportion of the world's population living in extreme poverty by 2015.

The Department for International Development, in detailed discussion of this Section 2, is no less comprehensive than in Section 1, covering 4 of the subsections as shown above, but in a different format. The themes covered are Water and Food; Education; **Essential Health Care**; **Population**; Basic Infrastructure; Income and Employment Opportunities; Good Governance, Corruption and the Rule of Law; Addressing Gender Inequalities; Rights of the Child; Development Partners; Support for the Countries in Transition; The Dependent Territories; Disasters and Emergencies; Research; The New Approach; and Examples of Research Impact.

One most relevant theme discussion is reproduced here, on Essential Health Care.

“

ESSENTIAL HEALTH CARE

The Challenge

The poorest billion people in the world are ten times more likely to die young (under 15 years of age) than the richest billion; they are nine times more likely to die of communicable diseases (diarrhoea, malaria, pneumonia and TB) and twice as likely to die from accidents and injury. Women, who are more at risk in all cases, are also at least ten times more likely to die of causes related to pregnancy and childbirth. This massive burden of ill-health affects poor people's chances of escaping from poverty and taking advantage of opportunities to do better.

Tackling high death and disability rates among poor people poses real challenges. For example, millions of people throughout the world cannot access sufficient water for personal use. As many as half the world's population lack access to effective means for disposing of excreta. Water, sanitation, shelter, food and education, as well as essential health care, are all vital requirements if efforts to improve poor people's health are to succeed.

Recent studies have indicated that a spend (?) of just £9 per person per year on essential health care is sufficient to make a real difference to the suffering of poor people. This would allow a basic package of immunization and nutritional supplements and public education of family planning, prevention of AIDS, and sexually transmitted diseases and substance abuse, to be provided. Currently, many developing countries spend less than £3 per person per year for all health needs, and these funds are not distributed in a way that ensures equitable service provision.

Our Response:

The UK has signed up to a series of relevant international targets to be achieved by 2015—specifically halving proportions of people in poverty, halving child mortality rates, reducing maternal mortality by three quarters and ensuring accessible reproductive health services. These call for coherent action to improve the livelihoods and well-being of poor people in poor countries.

We are committed to:

- helping ensure that all the world's people - particularly those in the poorest countries of Africa and Asia - can access and benefit from essential health services.
- establishing long-term partnerships for better health with countries, international organisations and UK-based groups
- supporting local (as well as global) initiatives on specific issues - for example, to help young people improve their sexual health and reduce HIV, enable all to lessen dangers for women associated with pregnancy, to reduce poor people's suffering due to communicable disease—especially malaria, tuberculosis, diarrhoea and the like, to access clean water and sanitation, and promote health environments
- working with governments to develop sector-wide approaches to better health
- increasing our support within the United Nations system to promote international standards for human health and health care
- the better application of scientific knowledge and techniques to the health and well-being of poor people

In relation to Population concerns, the White Paper confirms Britain's support for the implementation by countries of the Programme of Action agreed at the International Conference on Population and Development held in Cairo in 1994. These are all in keeping with now generally accepted approaches to reproductive health and population dynamics.

Research will be supported in simple and effective technologies for disease control, several examples of past results of such research, successfully employed, being given: magnesium sulphate for treating eclampsia; a simple water filtration unit for elimination of guinea worm; operations research in other instances.

There is a section 3, called **Consistency of Policies**, which covers the next 5 subsections of the Summary and the following themes: Climate Change; National Strategies for Sustainable Development; Global Environmental Assistance; International Migration; and A New Approach to Debt Relief.

A section 4, **Building Support for Development**, merely reiterates the last 3 subsections of the Summary.

The place of Women In Development is highlighted and reiterated at every opportunity in the White Paper.

The Department for International Development will obviously work closely with other government related agencies, such as the Commonwealth Secretariat, whose health program encompasses some of the areas delineated for support, but which serves a coordinating and facilitating function in the field, and as related to training; the British Council, whose function is broadly to help disseminate British culture, and which, for example, helps organize higher education and specialist training in the UK.

This review of the policy of one donor has been done in such detail because there seems to be much to learn from that policy stance, in terms of both substance and commitment.

It is particularly pleasing to see the stress placed in the White Paper on sustainable development, a phrase which recurs frequently; and equally to see descriptions of development clothed in terms such as holistic and multisectoral.

2. Canada

Coming out of Canada's Foreign Policy Review process in 1995, a document (10) was produced which, in a period of quite severe financial constraints, among other things set out the mandate for Canadian Official Development Assistance (ODA):

“ to support sustainable development in developing countries, in order to reduce poverty and to contribute to a more secure, equitable and prosperous world”.

To achieve this purpose, Canadian ODA, delivered through the Canadian International Development Agency (CIDA), would concentrate available resources on six programme priorities: Basic Human Needs; Women in Development; Infrastructure Services; Human Rights, Democracy, Good Governance; Private Sector Development; The Environment. Under the rubric of Basic Human Needs assistance would “support efforts to provide primary health care, family planning,

Environmental Health, Family and Reproductive Health and HIV/AIDS (net).

A Secretariat Press Release (April 2, 1997) gives Energy, Water Resources and Biological and Genetic Resources as priority areas of activity proposed for the developing countries (net)

From a Commonwealth Meeting in Edinburgh on October 24 to 27, 1997, at which were present various categories of representative, key foreign policy themes which emerged were Trade, Investment and Development, seen as the road to Commonwealth prosperity. The various states committed themselves to poverty alleviation, environmental protection, the control of drug trafficking and communicable disease control. The involvement of NGOs was promised. These are all somewhat "standard" programmatic approaches, in line with perceptions of specific health problems(14). Within a short time, the approach was somewhat pre-empted by the publication by the new Department for International Development of the new UK government's White Paper on Poverty Alleviation.

Tourism and Health

A word about tourism and health might be appropriate at this stage. Problems attendant on the tourist trade, so critical to the economies of several Commonwealth countries, especially small states, include:

- importation of malaria, AIDS and other infectious diseases
- monitoring, treatment and control of imported diseases
- environmental degradation - parks, beaches, reefs etc.
- increased solid and liquid waste management and disposal
- proper and sanitary food handling and catering
- toxins in the food chain, the result of agricultural practices

Some help will be needed for training in order to address these problems. Some of this is available in the Caribbean, for example; and can benefit other members of the Commonwealth "club"

Environmental control and ecotourism are likewise areas in which there can be collaboration between like geographical areas in the Commonwealth.

Pollution is an area of serious concern, partly the effect of unregulated industrialization, laxity in controlling waste disposal, and uncontrolled urbanization due mainly to rapidly increasing rural-urban migration for hoped for jobs. Water (seas, rivers and aquifers), soil and air become polluted through industrial and agricultural toxins, pesticides and human waste; and with improperly tuned

One has also given examples of where Commonwealth countries, by working together, have been able to build up needed institutions in order to confront their common problems, providing a range of training and skill building activities.

Over the next immediate decades, given the new circumstances and leadership in the Commonwealth, one would venture to predict that many of the health scourges now afflicting some of the Commonwealth countries, and other countries in the world, can be controlled or eliminated, through intra-Commonwealth cooperation and collaboration with other agencies and institutions. The principled actions proposed by the UK government give hope that this is feasible.

With increasingly sophisticated communication and information technologies, many of which will become less costly within a short time, one could foresee several developments in health:

- distance learning could become more prevalent. There would need to be provision for capital costs and the maintenance and eventual replacement of the relevant equipment.
- training for the proper operation of the equipment would be necessary, and could be provided on a cooperative basis, at lowest cost.
- archival material would need to be collected and stored at important centres, well codified and easily retrieved for transmission to other centres of learning. One could envisage a network for this purpose.
- health practitioners practising in multi-cultural, multi-ethnic environments in the industrialized world, can also obtain virtual training in the developing world, of benefit to their practices. This could be further enhanced by split training schemes; and vice versa for practitioners in the developing world.

One also sees the increasing cost of journals and books being mitigated through the increasing ability to consult web site clearing houses, where specialty information would be easily available about health events and realities in other parts of the Commonwealth. Complementarity would necessitate help in obtaining the necessary equipment and training in the developing world.

One is emboldened in these dreams by the policy statements of the UK government which is promising not only to instigate a number of reforms in development, but also to try to persuade others to do likewise.

In the near future it would be good to see continuing UK support for such field research stations as the MRC Laboratory in the Gambia, and in Zambia, for basic research into prevalent diseases, their epidemiology and control. More nationals

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A DEMOGRAPHIC PROFILE OF
IMMIGRANTS
FROM THE
COMMONWEALTH IN CANADA

A paper prepared for the Royal Commonwealth
Society, Ottawa

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February, 1998

A Demographic Profile of Immigrants from the Commonwealth in Canada

By John Samuel Ph.D.

During the 1990s, Canada would have welcomed more than two million immigrants from almost every country in the world. On a per capita basis, Canada receives more immigrants than any other country in the world. As the cliché goes, we are all immigrants or their children. But for immigration, Canada would have been a much smaller country population-wise and probably much less prosperous. According to demographers, if Canada had stopped all immigration at the beginning of this century, the country would have had only 12 million people occupying the second largest chunk of real estate in the world.

A recent report produced on behalf of Citizenship and Immigration Canada, envisages changes to the Immigration Act and regulations and it appears if implemented, Canada's reputation as a country that receives immigrants with enthusiasm may be lost. This is despite the warning from Canada's Chief Statistician, Ivan Fellegi that "unless fertility increases to at least the replacement level, total population will start to decline in the first quarter of the next century" (Fellegi, 1990: 4). Fertility has not shown any signs of increase and it continues to remain below replacement rate. However, this paper is to survey the past.

In the past, the rest of the Commonwealth has contributed significantly to the growth and development of Canada by sending its best and brightest

citizens to this relatively young nation. This paper provides a profile of immigrants from the other Commonwealth countries to Canada as seen through the 1996 Census. Only the demographic variables so far released by Statistics Canada on immigrants as counted in 1996 are used in this paper.

This paper attempts to throw some light on the number of immigrants from the Commonwealth countries (as listed in the home page of the Royal Commonwealth Society and appended to this paper) counted in the 1996 Census of Canada. Their numbers are looked at from angles such as their period of arrival since the sixties, their distribution by gender, and settlement in terms of the provinces/territories and major metropolitan areas.

Sources of Commonwealth Immigrants

In 1996, almost 5 million foreign born (immigrants) were counted in Canada from all parts of the world. Of them, 1.5 million had come from the rest of the Commonwealth. The largest contributor to this immigration inflow from the Commonwealth was the UK with 656,000 followed by India (236,000), Jamaica (116,000), Sri Lanka (78,000) and Trinidad and Tobago (62,000) as seen in Table 1. Chart 1 shows countries such as Pakistan, South Africa, Malaysia, Tanzania, Kenya, Barbados, Australia, Ghana, Uganda and Bangladesh which contributed between 10,000 and 28,000 immigrants each. The only Commonwealth countries from which no one is recorded to be in Canada at the time of the 1996 Census are: Maldives and Tuvalu. Every other Commonwealth country sent some immigrants to Canada, as seen in Table 1.

As is well known, the immigrant intake changed significantly since the sixties when Canada's immigration policy was liberalized. This is evident when the number of arrivals from various commonwealth countries are compared for the different periods during and after the 1960s.

The 1960s were years of low immigration. During the decade 1961 to 1970, the UK continued to dominate immigration from the Commonwealth. Out of 267,000 immigrations from the Commonwealth, almost two-thirds came from the UK as seen in Table 2. India was a distant second with 25,000. Trinidad and Tobago, Guyana and Barbados sent between 5,000 and 14,000 immigrants each. The arrivals from Australia, South Africa, and Malta were in the range of 3,000 to 4,000.

The UK dominated the next decade of 1971-80 as well with close to a million immigrants arriving from there. India again was second, but only 133,000 came from there. In third place was Jamaica with 67,000 followed by Guyana (44,000) and Trinidad and Tobago (25,000). Tanzania contributed 19,000 and Pakistan 10,000, as seen in Table 3. Most countries sent at least some immigrants. Less than 100 each came from Cameroon, Namibia, Seychelles, Nauru, Papua New Guinea, Samoa, Swaziland, Gambia, Lesotho, Solomon Islands, Tonga and Botswana. None came from Kiribati, Maldives, Tuvalu and Vanuvatu.

In the following decade of 1981-90, the sources of immigrants from the Commonwealth became more diversified. For the first time, UK was

overtaken by India as the largest supplier of Commonwealth immigrants as seen in Table 4. India supplied 68,000 immigrants while the UK sent only 63,000. Immigrants from Jamaica and Guyana came in the range of about 30,000 each. Sri Lanka (20,000) and Trinidad and Tobago (13,000) came next. In the 5,000 to 9,000 range were: Pakistan, Malaysia, South Africa, Kenya and Tanzania.

In the first five years of the 1990s the diversification of immigrants' sources from the Commonwealth continued. India again was on the top with 71,000 almost three times as many as the UK had supplied during these years.. Second in rank was Sri Lanka (44,000) as seen in Table 5. Jamaica (21,000), Pakistan (17,000), Guyana (15,000) and Trinidad and Tobago (14,000) were some of the other important sources of immigration to Canada from the Commonwealth.

Gender distribution

Generally speaking, the number of female immigrants from the Commonwealth exceeded that of the males from most countries, as seen in the 1996 Census. Partly, this could be due to the fact that women live longer. The male-female distribution varied from country to country as shown in Table 6 and charts 2 to 5. Among the selected (being numerically significant) countries listed in Table 6, female immigrants outnumbered male immigrants from Australia, Barbados, Guyana, Jamaica, Kenya, Malaysia, Singapore, South Africa, Tanzania, Trinidad and Tobago, Uganda and

United Kingdom. For the seventeen countries listed in Table 6, the number of females exceeded those of the males, 53 to 47 percent. At one extreme were immigrants from Jamaica among whom there were 58 percent females (Chart 3). On the other hand, 52 percent of immigrants from Pakistan (Chart 4) were male. For India, it was 50-50 (Chart 5).

Provinces of Settlement

For this analysis, 17 countries that had supplied the largest number of immigrants were chosen. Among the provinces and territories of the country, the most populous province, Ontario, had 883,000 Commonwealth immigrants as seen in Table 7 and Chart 6 in 1996. Ontario was the magnet of attraction for 372,000 UK immigrants. More than 100,000 immigrants from India and Jamaica each made their home in Ontario, as did 69,000 from Guyana, 57,000 from Sri Lanka and 48,000 from Trinidad and Tobago. Between 10,000 and 28,000 Pakistanis, South Africans, Barbadians, Kenyans, and Tanzanians were also living in Ontario.

The West coast attracted 273,000 immigrants from the rest of the Commonwealth. The UK with 150,000 and India with 74,000 were the main sources. South Africa, Malaysia and Australia had sent 6,000 to 8,000 immigrants to British Columbia.

Alberta came third with 111,000 immigrants from the rest of the Commonwealth with the UK sending the majority of them distantly followed

by India. Quebec occupied the fourth rank among the provinces with 67, 000, almost a third of whom were from the UK. Immigrants from the UK were in the 10,000 to 18,000 range in Manitoba, Nova Scotia and Saskatchewan.

Major Metropolitan Areas

In terms of major metropolitan areas, Toronto, as is to be expected, was the city preferred by most Commonwealth immigrants with 592,000 living there. Vancouver had 168,000, and Montreal 62,000, as seen in Table 8 and Chart 7. Calgary (51,000), Ottawa-Hull (43,000), Edmonton (41,000) and Winnipeg (25,000) were the other major metropolitan areas of settlement for Commonwealth immigrants. A quarter of Commonwealth immigrants in Toronto had come from the UK, one sixth from India, one seventh from Jamaica, one tenth from Guyana, and one eleventh from Sri Lanka. In Vancouver and Montreal, the major group was from the UK, followed by India. This pattern was repeated in Ottawa-Hull, Calgary, Edmonton and Winnipeg.

In sum, since the sixties, immigration to Canada from the rest of the Commonwealth has become more diverse. The numbers of immigrants have increased from the sixties and the predominance of the UK as the principal source for immigration is replaced by diverse sources of commonwealth immigrants from Asia, Africa and the Caribbean. They settled mostly in Ontario, British Columbia, Alberta and Quebec. The three major

metropolitan areas (Toronto, Vancouver and Montreal) attracted the majority of Commonwealth immigrants.

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Immigrants from Commonwealth Countries, 1996	
	1996
United Kingdom	655535
India	235930
Jamaica	115800
Guyana	77700
Sri Lanka	67425
Trinidad and Tobago	62020
Pakistan	39245
South Africa, Republic of	28465
Malaysia	19460
Tanzania, United Republic of	18130
Kenya	18005
Barbados	15225
Australia	14660
Ghana	13080
Uganda	10750
Bangladesh	10485
Malta	9445
New Zealand	8410
Singapore	7970
Saint Vincent and the Grenadines	7170
Grenada	7095
Mauritius	6395
Brunei Darussalam	4260
Cyprus	4240
Zimbabwe	3030
Saint Kitts and Nevis	2465
Saint Lucia	2360
Dominica	2345
Antigua and Barbuda	2075
Zambia	1885
Belize	1550
Bahamas	1100
Mozambique	975
Seychelles	915
Cameroon	790
Sierra Leone	530
Malawi	290
Namibia	240
Gambia	140
Botswana	130
Papua New Guinea	125
Swaziland	100
Lesotho	85
Tonga	80
Solomon Islands	60
Nauru	50
Samoa	45

Vanuatu	30
Kiribati	15
Maldives	0
Tuvalu	0
TOTAL	1478310

Immigrant Arrivals by Country, 1961-1970	
	1961-1970
United Kingdom	168140
India	25080
Jamaica	17715
Trinidad and Tobago	14035
Guyana	7685
Barbados	5170
Australia	4470
South Africa, Republic of	4355
Malta	2990
Pakistan	2670
New Zealand	1935
Saint Vincent and the Grenadines	1440
Malaysia	1385
Cyprus	1275
Kenya	1095
Grenada	1065
Sri Lanka	830
Saint Kitts and Nevis	670
Antigua and Barbuda	570
Tanzania, United Republic of	570
Saint Lucia	500
Dominica	485
Singapore	470
Mauritius	450
Zimbabwe	350
Uganda	300
Bangladesh	285
Ghana	225
Belize	195
Bahamas	135
Zambia	130
Brunei Darussalam	55
Malawi	50
Sierra Leone	40
Namibia	35
Mozambique	30
Papua New Guinea	20
Seychelles	20
Solomon Islands	15
Lesotho	10
Samoa	10
Tonga	10
Botswana	0
Cameroon	0
Gambia	0
Kiribati	0
Maldives	0

Immigrant Arrivals by Country, 1971-1980	
	1971-1980
United Kingdom	996160
India	132950
Jamaica	67375
Guyana	43555
Trinidad and Tobago	25170
Tanzania, United Republic of	19055
Pakistan	10530
Kenya	9910
South Africa, Republic of	8200
Uganda	7905
Malaysia	7705
Barbados	4985
Australia	4720
Sri Lanka	3690
New Zealand	2615
Saint Vincent and the Grenadines	2550
Grenada	2485
Cyprus	2410
Mauritius	2175
Singapore	1925
Malta	1740
Ghana	1620
Brunei Darussalam	1525
Saint Kitts and Nevis	1080
Antigua and Barbuda	920
Bangladesh	840
Zimbabwe	805
Dominica	780
Saint Lucia	745
Belize	650
Zambia	525
Mozambique	440
Bahamas	430
Malawi	370
Sierra Leone	140
Cameroon	85
Namibia	75
Seychelles	60
Nauru	35
Papua New Guinea	30
Samoa	20
Swaziland	20
Gambia	20
Lesotho	10
Solomon Islands	10
Tonga	10
Botswana	10

Immigrant Arrivals by Country, 1981-1990	
	1981-1990
India	68080
United Kingdom	63450
Jamaica	29575
Guyana	27725
Sri Lanka	19535
Trinidad and Tobago	13330
Pakistan	8960
Malaysia	8605
South Africa, Republic of	7930
Kenya	5895
Tanzania, United Republic of	4935
Ghana	3920
Singapore	3590
Mauritius	2805
Bangladesh	2620
Brunei Darussalam	2575
Barbados	2535
Australia	2030
Grenada	1815
Uganda	1695
New Zealand	1645
Saint Vincent and the Grenadines	1535
Zimbabwe	1190
Dominica	710
Malta	695
Zambia	660
Saint Lucia	655
Saint Kitts and Nevis	635
Belize	600
Antigua and Barbuda	440
Mozambique	405
Cyprus	390
Bahamas	355
Cameroon	215
Seychelles	195
Sierra Leone	120
Botswana	90
Namibia	85
Malawi	65
Gambia	55
Lesotho	35
Papua New Guinea	35
Swaziland	35
Tonga	35
Kiribati	10
Samoa	10
Maldives	0

Immigrant Arrivals by Country, 1991-1996	
	1991-1996
India	71335
Sri Lanka	44235
United Kingdom	25420
Jamaica	21400
Pakistan	17410
Guyana	15490
Trinidad and Tobago	14325
Ghana	7375
South Africa, Republic of	6840
Bangladesh	6780
Malaysia	4285
Kenya	2700
Australia	2275
Tanzania, United Republic of	2030
Singapore	2010
Grenada	1695
Saint Vincent and the Grenadines	1355
Barbados	1285
New Zealand	1190
Mauritius	1130
Uganda	1005
Seychelles	650
Zambia	590
Zimbabwe	560
Brunei Darussalam	550
Cameroon	485
Saint Lucia	485
Dominica	380
Sierra Leone	280
Cyprus	245
Malta	200
Bahamas	165
Belize	165
Antigua and Barbuda	140
Mozambique	115
Saint Kitts and Nevis	115
Gambia	70
Papua New Guinea	40
Swaziland	40
Solomon Islands	35
Botswana	30
Malawi	30
Lesotho	25
Namibia	20
Tonga	20
Vanuatu	20
Nauru	15

Kiribati	10
Maldives	0
Samoa	0
Tuvalu	0
TOTAL	257050

Sex Distribution of Immigrants in Canada			
From Selected Commonwealth Countries, 1996			
	Male	Female	Total - Sex
Australia	6735	7925	14660
Barbados	6755	8470	15225
Ghana	7235	5845	13085
Guyana	36030	41670	77700
India	118885	117045	235930
Jamaica	48545	67255	115800
Kenya	8530	9470	18005
Malaysia	9215	10250	19460
Malta	5155	4290	9445
Pakistan	20530	18715	39245
Singapore	3570	4400	7970
South Africa, Republic of	14075	14390	28465
Sri Lanka	35065	32355	67425
Tanzania, United Republic of	8920	9210	18130
Trinidad and Tobago	28745	33270	62020
Uganda	5305	5450	10755
United Kingdom	303340	352195	655535
TOTAL	666635	742205	1408855

Distribution of Income in Canada

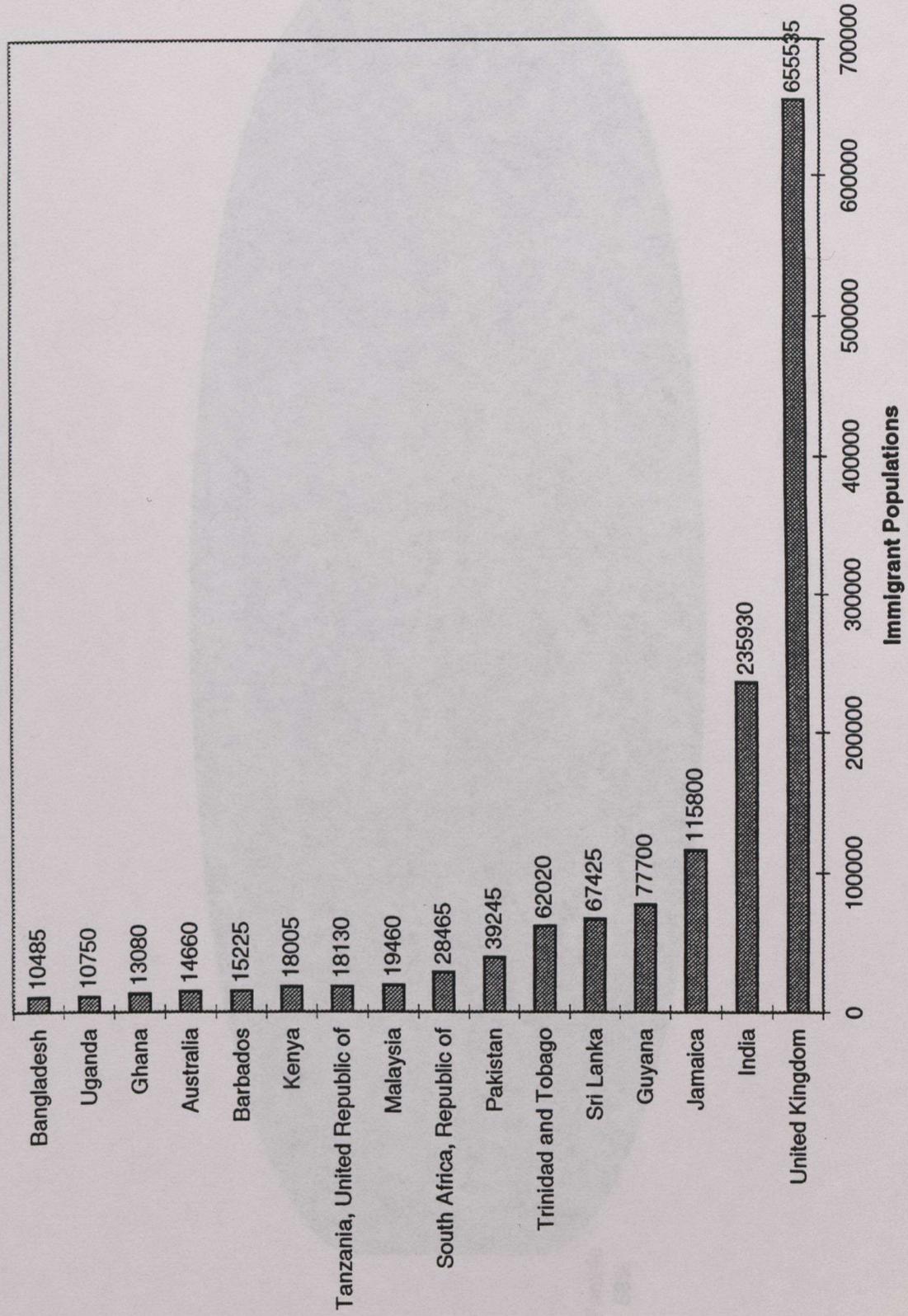
From Selected Countries, 1980-1985

Country	1980	1981	1982	1983	1984	1985
Canada						
USA						
UK						
France						
Germany						
Italy						
Japan						
Spain						
Sweden						
Netherlands						
Belgium						
Australia						
New Zealand						
South Africa						
India						
China						
USSR						
Other						
Total						

Table 7

	Yukon	NWWT	
	1996	1996	
	35	20	
	0	10	
	0	10	
	0	0	
	105	75	
	10	30	
	10	20	
	0	20	
	0	10	
	0	10	
	0	0	
	25	45	
	0	20	
	0	10	
	0	15	
	0	10	
	660	690	
	845	995	

Chart 1: Immigrants from Selected Commonwealth Countries, 1996



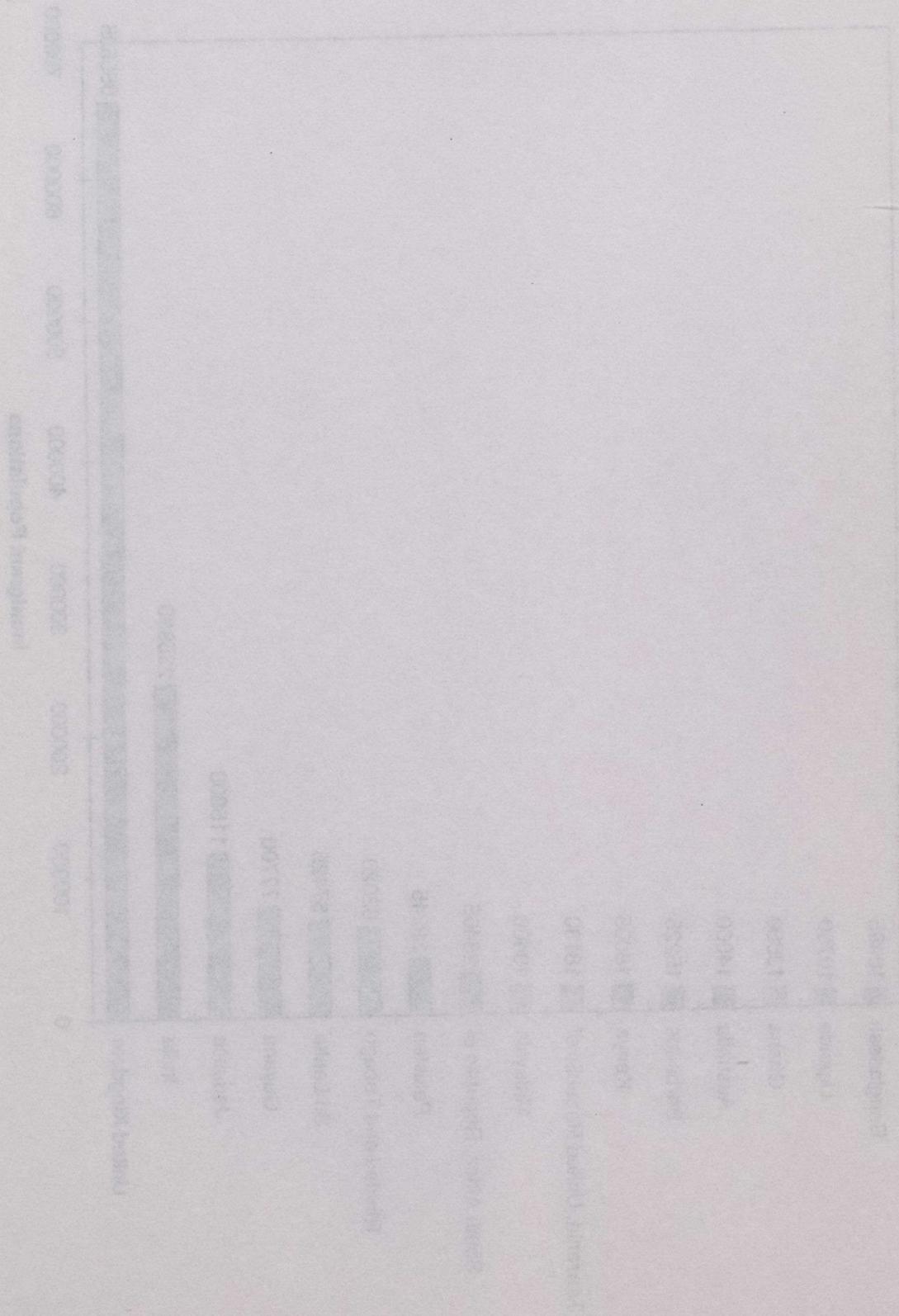
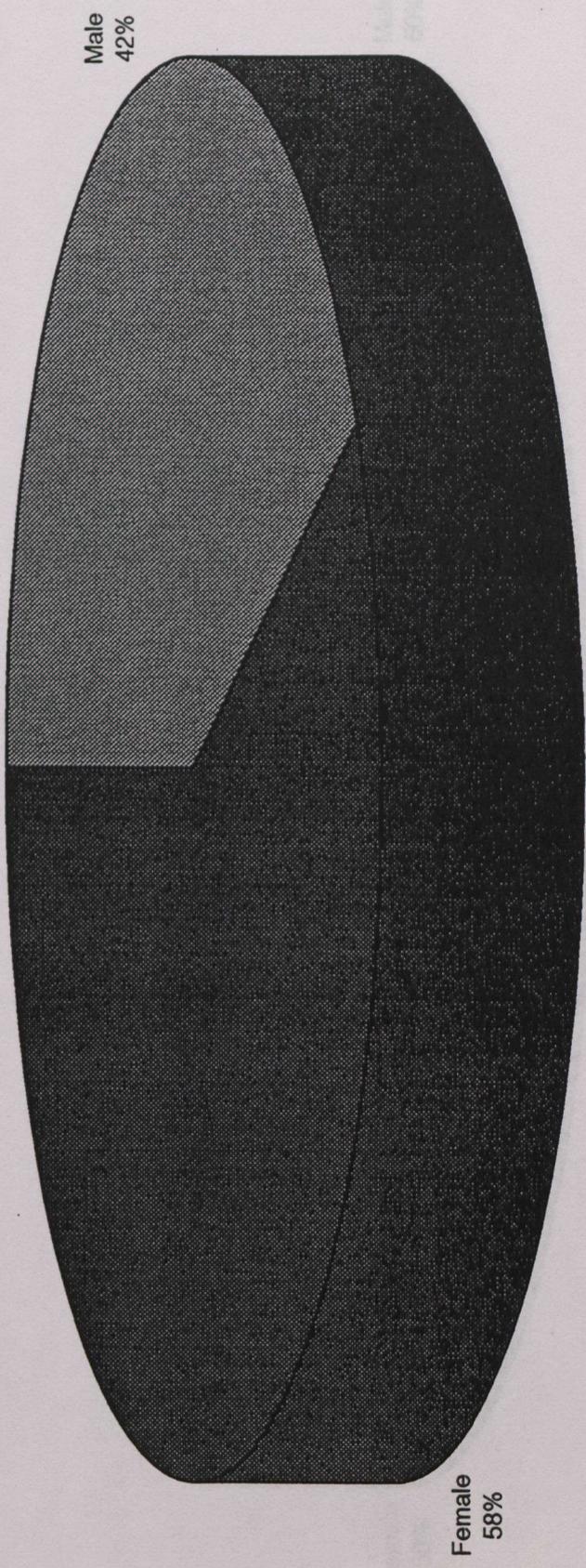
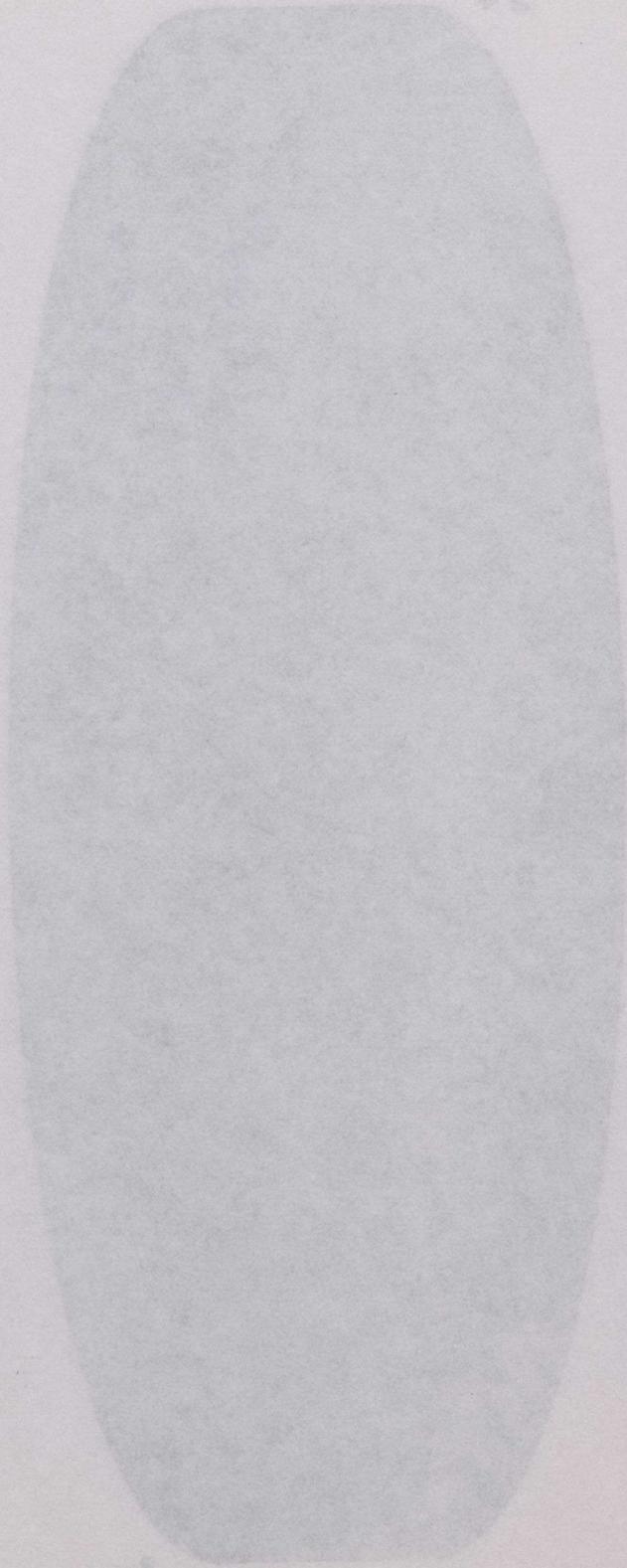


Figure 1. Distribution of Respondents by Gender

Sex Distribution of Immigrants from Jamaica, 1996





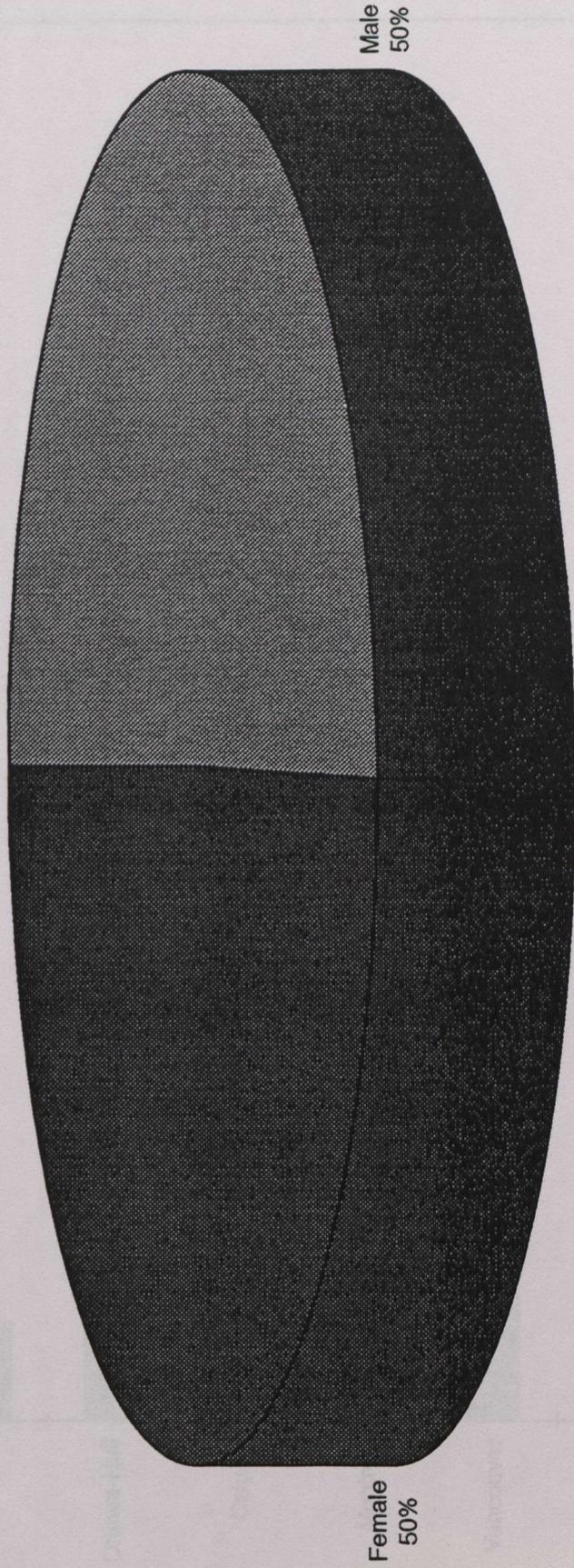
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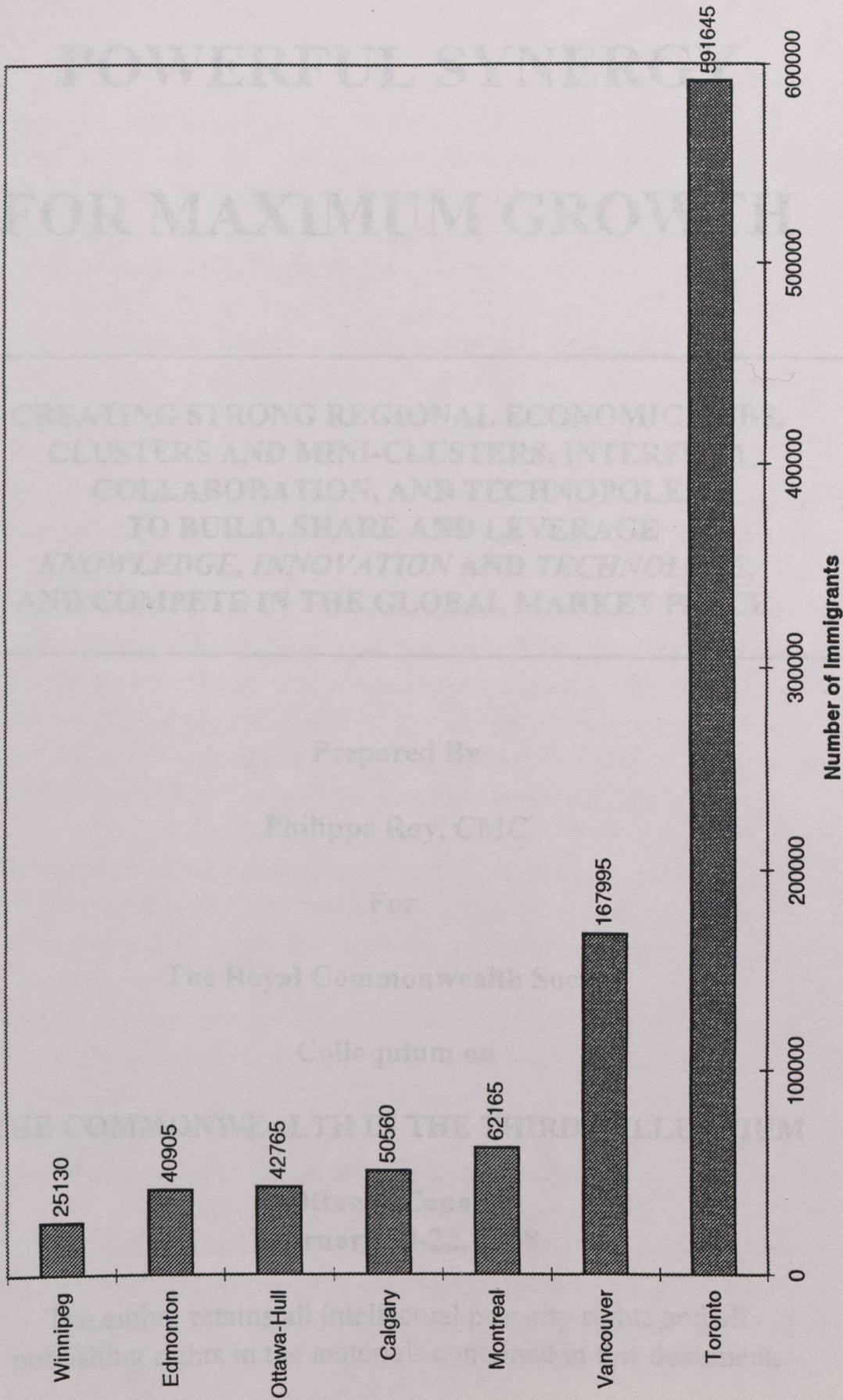
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Chart 5
Sex Distribution of Immigrants from India, 1996



Immigrants from Selected Commonwealth Countries in Major Metropolitan Cities, 1996



POWERFUL SYNERGY FOR MAXIMUM GROWTH

**CREATING STRONG REGIONAL ECONOMIC HUBS,
CLUSTERS AND MINI-CLUSTERS, INTERFIRM
COLLABORATION, AND TECHNOPOLES
TO BUILD, SHARE AND LEVERAGE
KNOWLEDGE, INNOVATION AND TECHNOLOGY,
AND COMPETE IN THE GLOBAL MARKET PLACE**

Prepared By

Philippe Roy, CMC

For

The Royal Commonwealth Society

Colloquium on

THE COMMONWEALTH IN THE THIRD MILLENNIUM

Ottawa, Canada

February 20-22, 1998

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Introduction

This paper was originally presented at **TECHNOPOLIS 97**, an international conference on clusters and advanced technologies, organized by the conference Board of Canada, in Ottawa, in September 1997. Three hundred persons from twenty-four countries attended this conference, including representatives of a number of Commonwealth countries.

The **Economic Developers Association of Canada (EDAC)** subsequently requested a special edition of this paper for consideration at its annual conference at Whistler, British Columbia, in October 1997.

This paper has been reproduced for the **Royal Commonwealth Society** for its **Colloquium on The Commonwealth and the Third Millennium**.

The essential message of this paper is that all countries, economic regions, and economic sectors can achieve significant development, growth and prosperity by creating powerful synergy among clusters of firms, linked to supporting firms, and further linked to institutional infrastructure and to physical infrastructure, establishing strong economic hubs, and where there new are technology firms and institutions also establishing technopoles.

This simple and very powerful strategy is already being used in a number of Commonwealth countries in a variety of ways, including Canada, Australia, New Zealand, United Kingdom, and more recently South Africa.

This strategy can be used in countries with smaller population bases to create mini-clusters in a wide variety of economic sectors with these countries then exporting products of this collaboration and growth. New Zealand, an island economy with a small population of 3.5 million, is a highly successful example of how this simple strategy can work.

Commonwealth countries which have already learned the lessons of **powerful synergy for maximum growth** can now help their fellow countries to implement this strategy in a spirit of global community. May God bless each and every one of you in your endeavours in this direction.

Foreword

The information in this presentation is the product of six years of national and international work in the field of small business growth mechanisms, including regional economic centres, clusters, and diverse forms of interfirm collaboration including flexible business networks.

During this period, the author has travelled and spoken coast to coast in Canada, the USA, Europe, Australia and New Zealand on regional economic growth and small business growth strategies. In 1994, the author conceived and negotiated the Four Country MOU on Business Networks with Norway, Australia, New Zealand and Canada, to share information on regional growth and competitiveness enhancement competitiveness practices for small business using interfirm collaboration.

The author gratefully acknowledges the international collaboration of many colleagues in this field including: Trond Myrhvold and Per Olav Langaker of Norway, John Dean of Australia, Ifor Ffowcs-Williams of New Zealand, partners in the Four Country MOU on Business Networks. Canada is proud to be associated with these outstanding international partners.

In addition, the author wishes to thank several other international colleagues for their valuable contributions, including Professor Torger Reve, University of Bergen, Norway's most innovative economist in the field of new economy growth; Niels Christian Nielsen and Jeff Martinussen of the Danish Technological Institute, leading Danish advocates of business networks, and Professor Lars Gelsing, University of Aalborg, Denmark, who has done pioneer work in the evaluation of the results of business networks; Dr. Stuart Rosenfeld, President, Regional Technology Strategies, Chapel Hill, North Carolina, USA, America's leading practitioner in regional economic strategies, manufacturing, technologies, and who has given extremely generously of his time as host, consultant, advisor, writer, and public speaker over the past two decades, and who has directed the US Net program; Brian Bosworth who has directed many state initiatives; Trent Willams who is an ardent practitioner in the field; Janet Jones who ran Oregon's state business networks program; Bob Coy who ran the

Pennsylvania state program; Gregg Litchenstein of New York; Professor Phil Shapira of Georgia Tech, Atlanta, Georgia; Raffaele de Maria of Bologna, Italy for great insight into the Italian interfirm collaboration program based on regional economic development commissions and clusters; and Richard Hatch of New Jersey who documented the highly successful Italian experience in interfirm collaboration around regional economic hubs in that country's northern industrial region, a thirty year history of success and prosperity, clearly demonstrating the value of regional economic development centres and related SME interfirm collaboration.

Michael Porter's international research on clusters has served as a useful frame of reference, and we look forward to his new book. The successful application of Porter's cluster model by colleague Ifor Ffowcs-Williams of New Zealand has demonstrated its merits and its contribution to that country's improved international competitiveness position as ranked by the World Economic Forum, and to its national economic growth since 1991.

In Canada, the author wishes to thank numerous colleagues who have undertaken great work in interfirm collaboration, from approximately 1990 onwards, including Steve Mostardi, Vice-President, B.C. Trade; Kevin Cameron of Price Waterhouse and Flex Nets Alberta; Andrew Young of the Ottawa Carleton Manufacturing Managers' Network and the CIBN Technologies; Professors Diane Poulin, Benoit Montreuil, and Sophie D'Amours of Laval University, Québec.

The author also wishes to thank Professor Robert Greenwood, Memorial University, Newfoundland for his international work in island economies including mini-clusters and interfirm collaboration; Professor Norm Schaeffer of the University of New Brunswick for organizing an outstanding Clusters and Networks Conference in 1993 and for his continuing research in this field; and Professor Jim Bater of the University of Waterloo and principal advisor to the Economic Developers Association of Canada for his sustained efforts to get regional economic development commissioners to recognize the importance of clusters and interfirm collaboration as the foundation for accelerating regional economic growth.

David Crane, Economics Editor, Toronto Star, has written many informative columns on growth strategies for the new economy, including clusters and interfirm collaboration. He was very kind to participate in a conference in Ottawa in 1994 on the subject of Building A Competitive Economy For The Global Market Place. His book, "The Next Canadian Century, Building a Competitive Economy" (1992) is thoroughly well researched and is an inspiration to all Canadians working to build the new economy. His next book, "Turning Point" will be published in 1998.

Paul Romer, a leading American economist, with articles in many international publications including the Wall Street Journal, has contributed innovative thinking about the dynamics of knowledge, innovation and the nature of growth in the new, knowledge-based, idea-fuelled economy. Economists working with the emerging new economy will be challenged to think beyond old paradigms and the old calculus, and to come up with new models and metrics that can be more easily understood and applied by entrepreneurs of the new knowledge-based economy.

Economist Jane Jacobs, author of many outstanding works, including "The Economy of Cities" and "Cities and the Wealth of Nations", has made a lifetime of innovative analysis of the assumptions, evolution, and future of city economies. Her view of the power of concentrations of small businesses in cities, their dynamic interrelationships among themselves and with local infrastructure, accelerating knowledge, innovation, stimulating value added processes, creating growth multipliers, is prologue to Porter's cluster model and Romer's knowledge and idea-fuelled new economy growth dynamics.

Thomas Stewart, member of the editorial board, Fortune Magazine, has recently published an interesting book, "Intellectual Capital, The New Wealth of Organizations", articulating the importance of knowledge as the lingua franca and real currency of the new economy, describing the knowledge worker, knowledge-rich value added processes and assets, knowledge-based enterprises (KBEs), and some early thoughts on emerging metrics in the knowledge era. This work is a very useful contribution to the analysis of knowledge building, sharing and leveraging which characterize agile, high growth clusters and productive interfirm collaboration.

Professional colleague, management consultant Bill Barnard, CMC, contributed enormously with many practical, early stage initiatives in interfirm collaboration arising from clusters and mini-clusters across Canada. Most significantly, working hand-in-hand with local entrepreneurs and regional economic developers, Bill Barnard proved that clusters could be effectively stimulated and interfirm collaboration easily started with the simple knowledge of globally competitive practices, in a variety of urban and rural environments, in both old and new economies, with great success. It has been a great pleasure to work with this pioneer, Bill Barnard.

One of the most important emerging subject areas that the new global economy must deal with is diversity and gender differences in the work force. Human beings are the only economic resources that think and feel, and can make all the other economic resources, including knowledge and advanced technologies, work competitively and productively. To achieve this end, executives, managers, professionals, entrepreneurs must: be cognizant of the many different human dimensions of the work force, different characteristics, expectations, needs, assumptions, interactions, styles; respect and work with these differences as assets; all in order to maximize the benefits for all workers and organizations. Applying these principles could potentially make a 10 to 20% difference in firm productivity after one to two years, could help retain valuable knowledge workers, and could help to avoid litigation. The author wishes to recognize the very significant work done in this field by Barbara Annis and Associates for business and governments, and in particular her valuable contribution to Technopolis 97. Barbara Annis' current national seminar, "Men and Women Working Miracles" is simple, empowering and rewarding for men, women and organizations, and very much part of the essential skills set for the knowledge-worker in the new economy.

The author acknowledges the great support and substantive efforts of many colleagues within the many organizations of the federal government Industry Portfolio, notably the organizations known by the acronyms of IC, ACOA, WEDC, FORDQ, FEDNOR, NRC, BDC, StatsCan, and particularly everyone in the Entrepreneurship and Small Business Office and the management of Industry Canada for their kind help and support.

The Honourable John Manley, P.C., M.P., Minister of Industry, has been instrumental as advocate and leader helping Canadian enterprises create the new knowledge-based economy, with initiatives such as the Industrial Research and Assistance Program, the Canadian Technology Network, the Network of Centres of Excellence Program, the Technology Partnership Program, Canadian Foundation For Innovation, the Canadian Business Networks Demonstration Project, the Canadian Community Investment Program. The many organizations of the Industry Portfolio continue to innovate and build the new knowledge-based economy in close collaboration with Canadian entrepreneurs.

The author welcomes comment on this document, and would like to share knowledge with colleagues working in the same field in Canada and around the world. Outstanding examples of regional economic centres or hubs, clusters, technopoles, interfirm collaboration; related growth strategies, export strategies, investment strategies; tangible forms of competitiveness; tangible forms of knowledge-based enterprise practices; results achieved, critical success factors, practical metrics including evaluation models, would be of interest.

Executive Summary

New Global Paradigm

The most successful and rapidly growing parts of the emerging global economy have concentrations of businesses and supportive infrastructure, based on knowledge, technology, innovation, productivity, competitiveness, with a high connectivity and collaboration among firms and infrastructure.

These concentrations of firms and infrastructure, connectivity and collaboration, are identified as *regional economic hubs, clusters, business networks*. In highly evolved cases, where this is a focus on advanced sciences and technologies, knowledge and support infrastructure, a form of industrial concentration may evolve known globally as a *technopole*.

The growth of such regional economic hubs, clusters, interfirm collaboration / business networks, and technopoles, has been accompanied by substantive support by governments in eight important dimensions:

- creation of a favourable national business climate (fiscal, monetary, industrial, and trade policies) which recognizes the important competitiveness-based elements of the emerging global economy: knowledge, innovation, technology, synergy, productivity, exports;
- identification of key economic sectors that will grow rapidly in the new economy (manufacturing, computers / telecommunications / software; aerospace; automotive; microelectronics; instrumentation; new industrial materials; biotechnology; medical devices; health sciences; environmental sciences; agrifoods; tourism; cultural industries; convergence of new sciences / technologies with emerging industries);
- recognition of the important contribution of small business to the global economy (in Canada, 99.9% of 3.2 million registered businesses are SMEs, contributing 43% of private sector GDP, creating 90% of net new jobs, and many aspiring to become global traders though currently accounting for just 8.5% of total exports);

- investment in institutional infrastructure: national scientific research institutes, sector technical institutes, centres of excellence, innovation and design centres, technology transfer centres, productivity improvement centres, benchmarking institutes, competitiveness centres, universities and polytechnical institutes with high calibre programs, ISO quality management system standards;
- investment in local physical infrastructure: highways, airports, harbours, multi-modal transport facilities, power systems, telecommunications, electronic highways, weather forecasting, etc;
- creation of a national network of financial institutions, commercial banks, trust companies, credit unions, venture capitalists, investment centres, angel associations, Grameen or Calmeadow-type micro financing, all to comprehensively support the needs of the new economy, and in particular SMEs, KBEs, clusters.
- creation of a national trade development agency, independent of the national foreign service / diplomacy function, to focus uniquely on developing new export markets in the emerging global economy, particularly for SMEs, KBEs, clusters, to provide substantive overseas offices and comprehensive professional support, and necessary export financing through alliances with international branches of Canadian commercial banks, in order to break into and grow new markets.
- local leadership and synergy by regional economic development commissions to bring together all the key players in the local business community and infrastructure to support accelerated economic growth, to act as a core of synergy and to foster interfirm collaboration / business networks among local clusters, firms and infrastructure.

Countries wishing to forge ahead to create the new economy are taking the initiative in these eight key areas, and are emulating the best practices of other countries. Countries with smaller population bases and developing countries also use this powerful growth strategy, with scale variations and adaptations to suit local economic circumstances.

Leading Thinkers of the Emerging Global Economy

Michael Porter, Professor, Harvard Business School, author of “The Competitive Advantage of Nations”, and consultant to many countries on economic competitiveness and growth strategies, has advocated a cluster model to accelerate regional economic development in the new global economy.

Rosabeth Moss Kanter, Professor, Harvard Business School, and author of “World Class: Thriving Locally For the Global Economy”, has said that for locally based firms to flourish, they must replenish their stock of CONCEPTS: knowledge, innovation; COMPETENCE: education, skills; and CONNECTIONS: collaboration, synergy.

Torger Reve, Professor of Economics, University of Bergen, and Norway’s leading innovative economist, has said that in order to compete in the new global economy countries must encourage cluster formation in key economic sectors and foster interfirm collaboration, enhancing knowledge, innovation, technology, investment, exports, growth, jobs, wealth building.

Trond Myhrvold and Per Olav Langaker, vice-presidents of the Norwegian National Development Bank, have designed and implemented a highly successful interfirm collaboration program, covering fourteen economic sectors, and specifically targeted at high-performing SMEs known as alpha firms, to accelerate knowledge, informatics, innovation, technology, investment, exports, productivity, competitiveness, and sustainable growth.

Niels Christian Nielsen, Executive Vice-President, Danish Technological Institute, has said in support of interfirm collaboration, “You can no longer rely on your home market, because your home market is now an export market.... for everybody else!” and “Business networks are a new platform for international competitiveness.”

John Dean, Director, Small Business Office, AusIndustry, has created a large scale, regional hub based, business networks program for Australian small business, enabling local enterprises to complement one another and aspire to new and larger scale business ventures, with many exporting for the first time, and these successes celebrated nationally.

Ifor Ffowcs Williams, General Manager, Tradenz, the national trade agency of New Zealand, has implemented a very successful clusters and business networks program for small business, using local economic developers as regional hubs to anchor the program, with many small firms forming clusters and business networks, then beginning to export to international markets with global recognition of their success.

Steve Mostardi, Vice-President, British Columbia Trade Corporation, proved that the two distinct forms of interfirm collaboration, flexible business networks and strategic alliances, could be built upon, and used to create powerful sectoral export consortia for global markets, with great success in Pacific Rim, North and South American markets.

David Crane, Economics Editor, Toronto Star, Toronto, Canada, and author of "The Next Canadian Century: Building A Competitive Economy", has said that cities and towns must take the future in their own hands, and that knowledge investments are essential for growth.

Jane Jacobs, urban economist, and author of "The Economy of Cities" and "Cities and the Wealth of Nations", has said that in the emerging global economy, cities will become city states in business activity and economic growth, based on dynamics of small firm interaction, knowledge sharing and building, increased innovation, new business opportunities and spin-offs.

Stuart Rosenfeld, President, Regional Technology Strategies, Chapel Hill, North Carolina, USA, has for the past decade been a national and global pioneer in promoting leading edge practices in interfirm collaboration to accelerate growth and diversity among small and large scale business, and his newsletter, Firm Connections, is the global clarion of the power of synergy.

Power of Synergy

Synergy can be a very powerful strategy for building competitive advantage and for accelerating the growth of local economies.

More precisely, this synergy helps individuals and firms to share general and specialized knowledge, to aggregate this knowledge, to add value within the firm, to leverage this knowledge as competitive advantage with other interested firms, and to innovate in the market place.

Synergy occurs in diverse agglomerations of business enterprises and particularly in advanced technology business environments, and *as the new economy emerges, synergy based on a very high knowledge dimension is becoming increasingly important as a basis for competitiveness.*

Business and government leaders are searching for ways to apply this knowledge and synergy in diverse business and technology agglomerations called regional economic hubs, clusters, business networks, technopoles, to help knowledge-based enterprises (KBEs) to grow and the knowledge-based economy to develop in local concentrations and on a national scale.

Clusters

As the global economy evolves, there are growing concentrations of economic activity in major urban environments on all continents. Within these concentrations are emerging *clusters* of firms in common industry sectors; with *core firms* producing knowledge-based and often high technology goods and services; with *supplier firms, support service sector firms, and specialized professionals*; with *institutional infrastructure*, including universities, scientific research institutes, sector technical institutes, innovation centres, network centres of excellence; and *specialized physical infrastructure*, including transport, telecommunications, informatics. There is high connectivity, competition and co-operation among these cluster firms, with myriad linkages in research and development, human resources, financing, innovation, technology, quality, marketing, and exporting. *Cluster dynamics are knowledge-rich, accelerate competitiveness and growth.*

Technopoles

In some instances, particularly in or near major metropolitan areas, where such clusters may have a particular focus on advanced technologies, such as aerospace, informatics, telecommunications, micro-electronics, medical devices, biotechnology, pharmaceuticals, energy, instrumentation, optical devices, new industrial materials, environmental sciences, etc., and where governments may make major investments to support creation of local infrastructure, research and development, innovation, capital, training, etc., or where universities may establish special advanced sciences and technologies programs, or where venture capital investment centres may set up, then these clusters may evolve formally or informally to become *technopoles*.

Technopoles demonstrate high concentrations of knowledge-rich firms in closely allied advanced science and technology sectors, with related institutional and physical infrastructure. One or more large firms may be principal manufacturers, with a group of second tier manufacturers, with related supplier firms, service firms, and specialized professional firms. Frequently there is a major government scientific research institute, a strong university supplying fresh graduates, a sector centre of excellence, an innovation and design centre, and specialized financial institutions. Interfirm connectivity is specialized and intense. Knowledge is informally shared among the workers of many firms and may be viewed as a community resource pool. Innovation is usually very high. This leads to emerging business opportunities and spin-off firms. Venture capitalists and initial public offerings (IPOs) abound. Growth is common, breakthroughs communally celebrated, and failures tolerated as part of the learning curve.

Technopoles are a particular applied case of successful cluster development. While Canada has many examples of cluster development, in both urban and lesser populated areas (mini-clusters), we have only one major and mature technopole, the Ottawa-Carleton technopole, centered on computers, telecommunications and software. Once cluster and technopole development have been more thoroughly analysed globally, Canada may be able to consider stimulating additional successful clusters to become technopoles over a longer term.

Regional Economic Centres or Hubs

In other regional centres, with varied sectoral concentrations of economic activity, including smaller clusters or mini-clusters of firms in such diverse sectors as general manufacturing, professional and technical services, transportation, forest and wood products, foods and agrifoods, fisheries, energy, environment, tourism, arts and culture, crafts, music and film, aboriginal businesses, etc., with related service sectors, institutional infrastructure and physical support infrastructure, other structures may evolve, often called a *regional economic hub*.

These regional hubs may also see both competition and co-operation among the local firms, with many formal and informal linkages, and close relationships with local educational institutions, research institutes, sector technical centres, financial institutions, etc. Some regional economic centres may advocate special initiatives to foster the creation of interfirm collaboration, such as flexible business networks for SMEs, and strategic alliances for larger firms.... there are seven distinguishing features between the two forms of interfirm collaboration.

Regional Economic Development Commissioners frequently play a major role in the creation and leadership of successful regional economic centres or hubs. This activity is, of course, central to their mandate and mission. Indeed, these regional economic developers may already have an entrepreneurship centre on site to stimulate new business formation. Further, these regional economic developers will probably have all the necessary contacts within the business community to successfully implement a regional economic centre or hub concept.

While larger urban centres offer ideal concentrations of business and infrastructure as building blocks for a regional economic hub, there are many examples of cities and regions with smaller population concentrations that have built dynamic regional economic hubs. Critical success factors in smaller centres are strong, visionary local leadership, energetic mini-cluster stimulation, agile business networks, a core financial institution, local college or university, centre of excellence / innovation, and many on-going projects.

Community Leadership For Growth

Where there is community interest and leadership in regional economic development, and key local stakeholders can agree to form a corporation, appoint a board of directors, and create a strategic business plan, then a **regional economic centre or hub** can be formed with collaboration among the local infrastructure providers, and interfirm collaboration among local enterprises in clusters or technopoles.

There are two very important additional activities that the regional economic centre or hub should focus on: **export of goods and services from the local economy on a grand scale** and the **attraction of fresh capital investment to the regional economic centre**.

All three strategic business activities, collaborative local leadership to create the regional economic hub, intensive export activity, and attraction of fresh investment capital, will contribute enormously to sustainable regional economic growth and to job creation, but the first activity will determine to a very large extent the success of the second and third activities.

Regional economic centres or hubs can be a very dynamic way to focus local business and government efforts in a concerted manner, to develop and implement an initiative to support local interfirm collaboration. **Regional economic hubs are normally based on sharing, building, aggregating and leveraging knowledge that is held by individuals, businesses, and the infrastructure, and then collaborative innovation in the market place. The result is often accelerated learning among all players, an essential part of the emerging "learning society", multiple new business opportunities acted upon, accelerated innovation, accelerated use of advanced technologies, accelerated exports, accelerated direct investment and venture capital infusions.** Most notably, success acts like a magnet to attract other interested businesses which understand the dynamics of knowledge synergy as critically important catalysts to stimulate productivity and competitiveness among all firms in the region. Competitive and successful core firms will attract essential supporting supplier firms and service firms.

Knowledge is the Currency of the New Economy

Whether cluster, regional economic hub, or technopole, the activities of local infrastructure and firms are generally focused on means to become more competitive and to grow, usually based on diverse efforts at using knowledge to generate innovation. Regardless of the good or service, or the value added process, or the virtual organization, the underlying resource that supports innovation is **knowledge**, the currency of the new economy. In the emerging new economy, both large and small firms are seeking many ways to identify, access, gather, build, and leverage this all-important knowledge. *The great mass of this essential knowledge is resident in human capital, embodied in the technologies and value added processes which human capital contribute to intra- and inter-organizationally, is constituent in the assets created by human capital and value added processes, and is abundant in the intellectual dimensions of concepts and ideas that are the foundation of innovation and formal intellectual property.*

American economists have determined that an investment in human capital can produce three times the return of a comparable investment in physical assets. This is because human capital, centered on knowledge, adds value, leverages, innovates, creates new knowledge-based value-added processes and new knowledge-based goods and services often rich in advanced technologies, all of which contributes to increased total factor productivity and competitiveness. This human capital-based calculus: knowledge, value added, innovation, advanced technologies, productivity, competitiveness, is fundamental to firm growth. Leading edge competitive firms, both large and small in many sectors, known as **alpha firms**, have already discovered this. These alpha firms have also discovered the **power of synergy in interfirm collaboration** that can **increase their access to and effective use of knowledge**, help them to **add greater value** as a group of collaborating firms, and help them to **leverage aggregate knowledge with other firms as competitive advantage**, to then **innovate further in the market place**. This collaborative activity leads to increased exports, increased foreign investment among partners finding the high competitiveness environment to be very attractive. **Human capital plus knowledge-based activity leads to increased productivity, competitiveness and growth.**

Synergy Factors,
Low-Cost High-Leverage Strategies,
Regional Economic Hubs and Sustainable Growth

Synergy acts as a powerful technology for building competitive advantage and accelerating growth of local economies. How so?

- What *factors* lead to effective synergy?
- What *strategies* offer low cost, high leverage payoffs?
- How can *strong regional hubs* contribute to *sustainable growth*?

The responses to these three important issues are:

- The important *factors that lead to effective synergy* are awareness of the importance of knowledge as the real currency of the new economy, the dynamics of synergy, vision of potential growth, desire and will to take action, applied knowledge or skills to work synergistically with infrastructure and other enterprises, a willingness to experiment and learn from both failure and success and to share such results publicly.
- The most effective *low cost, high leverage strategy that offers tangible pay-offs* is a well-constituted and well-focussed regional economic development hub, with representation of key business and institutional stakeholders, a competent board of directors, a comprehensive strategic plan focused on regional economic growth through knowledge sharing and building, stimulating local clusters in all local economic sectors, and encouraging interfirm collaboration, both strategic alliances and business networks. This strategy is low cost because it makes use of existing stakeholders, their interest, time and resources, and is high leverage because it uses the abundance of dispersed knowledge and under utilized knowledge of many stakeholders and entrepreneurs and assists them to collaborate to achieve far greater results, more quickly than they could achieve alone.

- ***Regional economic hubs can contribute to sustainable growth*** by becoming substantive knowledge / learning organizations through their stakeholders and boards of directors, by seeking and diffusing knowledge to assist local enterprises, by advocating interfirm collaboration to share knowledge, by supporting the creation of local clusters in all economic sectors, by seeking best international examples of enterprise knowledge building, and by continually replenishing the knowledge base. When major stakeholders, including both business and infrastructure leaders, the board of directors, and the mass of local enterprises, together understand the importance of knowledge as the essential currency of the new economy, and work cohesively to share, build, aggregate, leverage, and actively replenish knowledge, interest among stakeholders, infrastructure and entrepreneurs will remain high. Upon this essential knowledge and collaborative foundation must take place two additional important activities to accelerate the growth of the regional economic hub, ie, export of local goods and services on a grand scale, and investment of foreign capital and local venture capital for enterprise expansion and new enterprise development. Together, these three activities will ensure sustainable growth of the regional economic centre or hub.

Conclusion

The new global economy is unfolding rapidly. Among the most significant new competitiveness-focused organizations is the powerful regional economic centre or hub, which combines the collective knowledge, interests, talents and energies of local stakeholders and business persons, to focus on a strategic business plan to maximize the potential for local economic growth. These regional economic hubs work to promote the creation and growth of local industry sector clusters and add essential infrastructure; in some cases this will evolve to become a technopole. A very essential part of the success of such regional economic centres is their concerted effort to establish interfirm collaboration initiatives, including the two most distinct forms, strategic alliances for larger firms, and flexible business networks for smaller firms. Most significantly, successful regional economic hubs clearly understand that the essential currency of the new

economy is knowledge, and these regional economic hubs work assiduously to ensure that all of their activities are keenly focused on the sharing, building, aggregating, leveraging and replenishing of this essential knowledge.

Canada has been blessed with visionary individuals who have contributed to the establishment of such initiatives. Yet the extent of such structures is still rather limited by international standards. There is a great potential yet to be realized in Canada, which could lead to a greatly enhanced and competitive national economy if all three levels of government, business leaders, universities and community colleges, scientific research institutes, sectoral technical institutes, networks of centres of excellence, innovation and design centres, financial institutions, venture capital centres, and particularly regional economic development commissions, across Canada were *to make a concerted national effort to establish a national economic and industrial framework to create powerful regional economic centres or hubs in our top one hundred cities*, to stimulate and foster the creation of local industry clusters in all economic sectors, to create supportive regional interfirm collaboration programs, to emphasize export of locally produced goods and services on a grand scale, to attract multiple foreign investments and local venture capital investments to these regional economic on the principle that success attracts success, and to link these economic centres or hubs and their local partners locally, regionally, provincially, nationally by electronic highway, indeed with some of the world's leading edge informatics and telecommunications technology produced right here in the *Ottawa Carleton technopole*.

Canada could be a world leader in creating powerful regional economic hubs of this type. This concerted national focus would create growth and jobs, and national economic wealth, more effectively, faster, and more sustainably than any other collection of fractionalized initiatives undertaken randomly or independently. Indeed, this type of concerted national effort, focused at the top one hundred cities across Canada, and sustained for ten to twenty years as a national economic growth strategy to move Canada strategically and effectively into the new knowledge-based global economy, could reasonably expect to see real annual growth rates in the range of

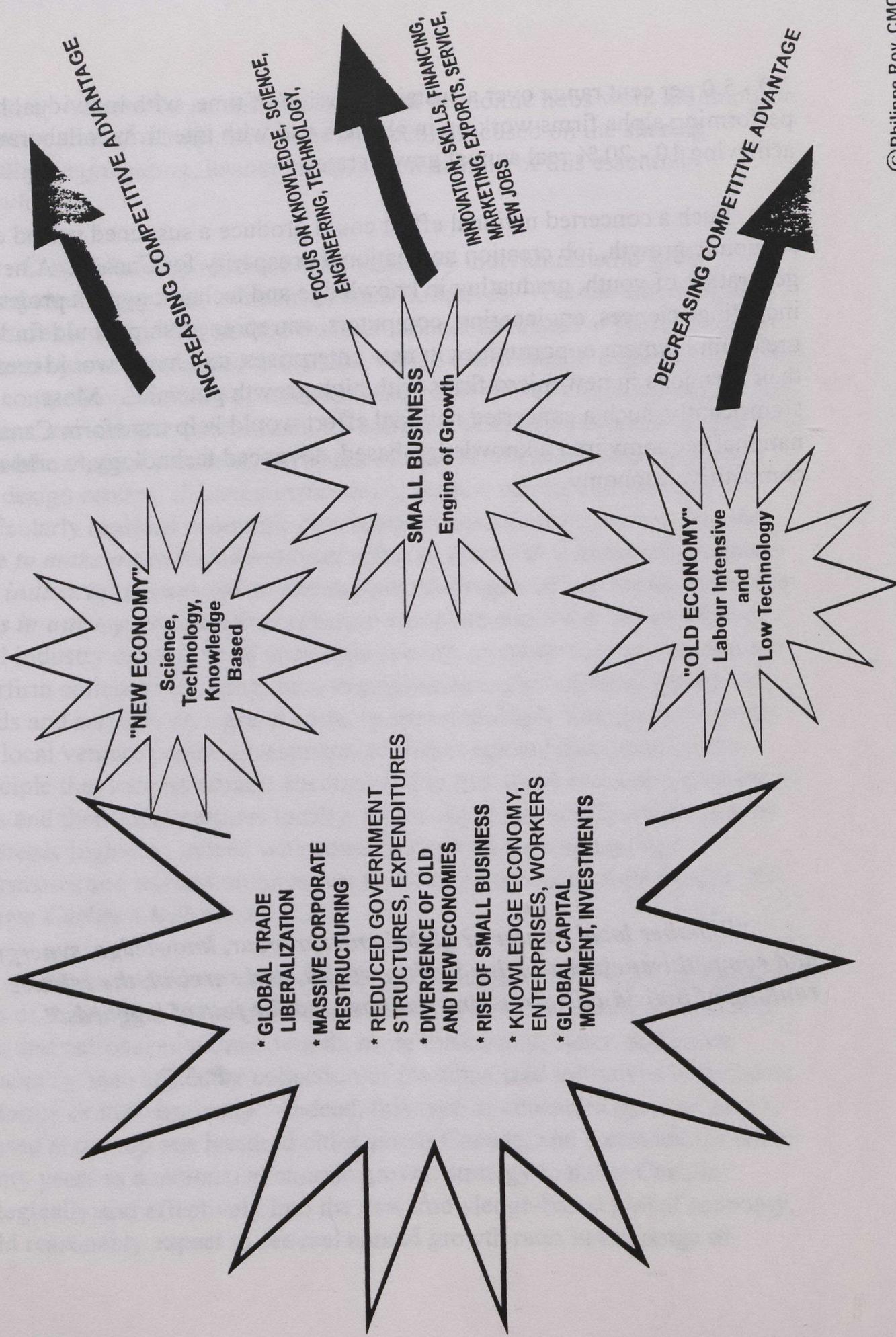
3.0 - 5.0 per cent range over a sustained period of time, with individual high performing alpha firms working in clusters and with interfirm collaboration achieving 10 - 20 % real annual growth rates.

Such a concerted national effort could produce a sustained period of economic growth, job creation and national prosperity for Canada. A new generation of youth, graduating in knowledge and technology rich programs including sciences, engineering, computers, entrepreneurship would find great employment opportunities in new enterprises, and many would create their own jobs in new micro firms with high growth potential. Most significantly, such a concerted national effort would help transform Canada's national economy into a knowledge-based, advanced technology, world-class competitive economy.

“Whether local hunter or global entrepreneur, knowledge, synergy and competitiveness determine health, wealth, and survival, the relative ranking of individuals, firms and nations, and the fate of laggards.”

P.G.R.

GLOBAL ECONOMIC CONTEXT



REGIONAL CONCENTRATIONS FOR GLOBAL COMPETITIVENESS

1. MICHAEL PORTER,
HARVARD BUSINESS SCHOOL
AT WORLD ECONOMIC FORUM, 1994

TWO ECONOMIC MODELS FOR FUTURE:

- CORPORATE EFFICIENCY
- SMALL BUSINESS INNOVATION
AND PROGRESSIVENESS

2. ROSABETH MOSS KANTER,
HARVARD BUSINESS SCHOOL
IN "WORLD CLASS, THRIVING LOCALLY FOR THE
GLOBAL ECONOMY", 1995

COMPANIES THAT FLOURISH REPLENISH THEIR STOCK OF:

- CONCEPTS = KNOWLEDGE, INNOVATION
- COMPETENCE = EDUCATION, SKILLS
- CONNECTIONS = COLLABORATION, SYNERGY

3. DAVID CRANE,
ECONOMICS EDITOR
TORONTO STAR, MARCH 16, 1997

CITIES, TOWNS MUST TAKE FUTURE IN OWN HANDS;
KNOWLEDGE INVESTMENTS ESSENTIAL FOR GROWTH

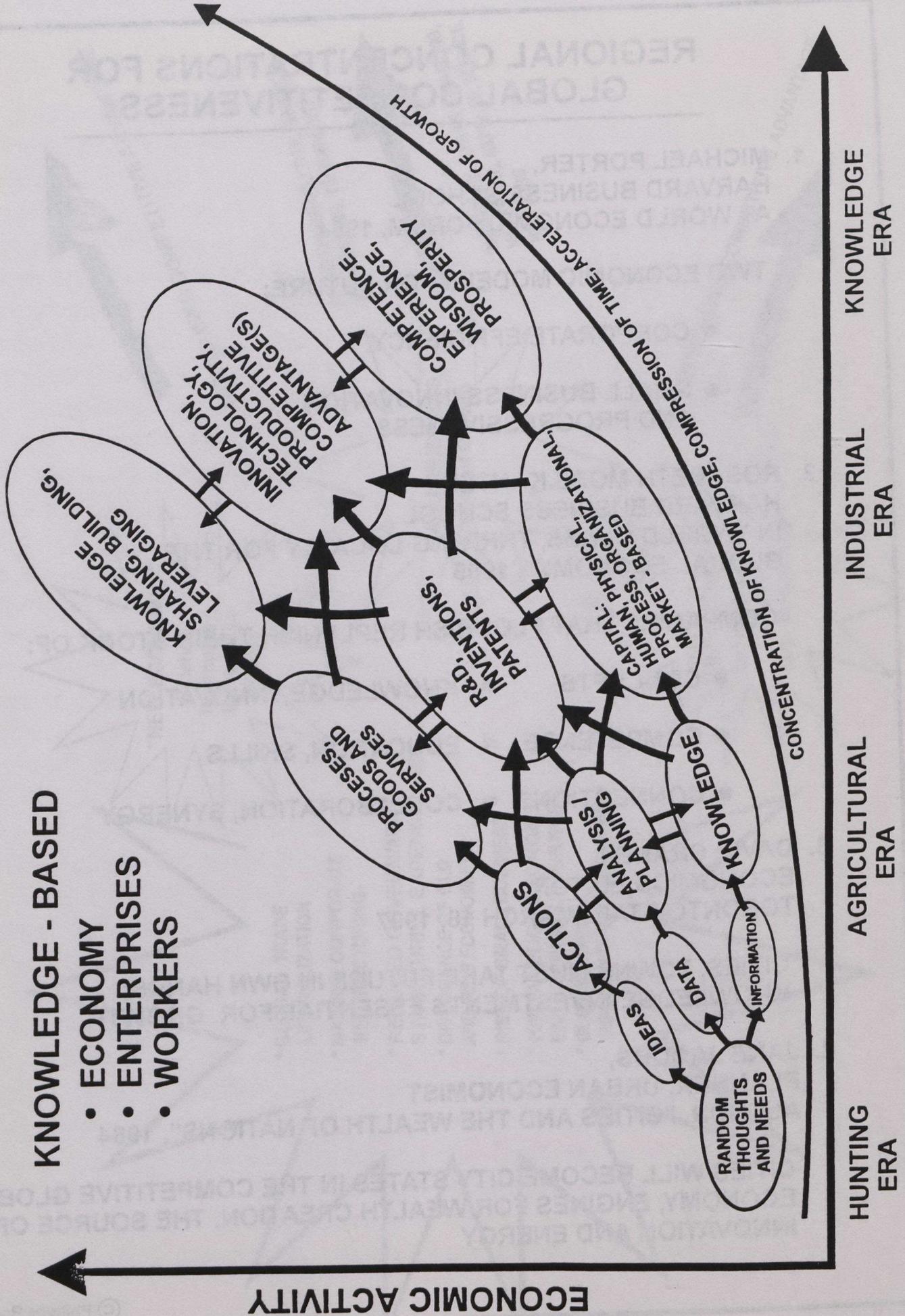
4. JANE JACOBS,
PLANNER, URBAN ECONOMIST
AUTHOR, "CITIES AND THE WEALTH OF NATIONS", 1984

CITIES WILL BECOME CITY STATES IN THE COMPETITIVE GLOBAL
ECONOMY, ENGINES FOR WEALTH CREATION, THE SOURCE OF
INNOVATION AND ENERGY

EVOLUTION OF THE KNOWLEDGE-BASED ECONOMY

KNOWLEDGE - BASED

- ECONOMY
- ENTERPRISES
- WORKERS



KNOWLEDGE-BASED ECONOMY

- TOP PRIORITY FOR NATIONAL ECONOMIC, INDUSTRY, TRADE POLICY
- NATIONAL FOCUS ON KEY ECONOMIC SECTORS FOR GROWTH
 - * ADVANCED SCIENCES, ENGINEERING AND TECHNOLOGIES
 - * ADVANCED MANUFACTURING AND MICRO-MANUFACTURING
 - * SERVICES SECTOR (FINANCIAL, BUSINESS, PROFESSIONAL, TECHNICAL)
- NATIONAL FOCUS ON SCIENCE, ENGINEERING AND TECHNOLOGY; RESEARCH AND DEVELOPMENT; INNOVATION; COMMERCIALIZATION; PRODUCTIVITY; MARKETING, TRADE
- CREATION OF NATIONAL INFRASTRUCTURE
 - * NATIONAL NETWORK OF LEARNING INSTITUTIONS: UNIVERSITIES, POLYTECHNICAL INSTITUTES, COMMUNITY COLLEGES
 - * NATIONAL SCIENCE AND TECHNOLOGY RESEARCH INSTITUTE, WITH STRONG REGIONAL / SECTORAL UNITS, AND SIMILAR PROVINCIAL INSTITUTES
 - * NATIONAL NETWORK OF CENTRES OF EXCELLENCE
 - * NATIONAL NETWORK OF INNOVATION CENTRES
 - * NATIONAL NETWORK OF TECHNOLOGY TRANSFER CENTRES
 - * NATIONAL NETWORK OF PRODUCTIVITY IMPROVEMENT CENTRES
 - * NATIONAL NETWORK OF FINANCIAL INSTITUTIONS (BANKS, TRUST COS, CREDIT UNIONS, VENTURE CAPITALISTS)
 - * NATIONAL ELECTRONIC HIGHWAY, CONNECTEDNESS AT ALL LEVELS
- FOCUS ON NATIONAL STRATEGY FOR POWERFUL ECONOMIC CITIES / REGIONS
 - * DYNAMIC REGIONAL ECONOMIC HUBS
 - * CLUSTERS / MINI-CLUSTERS, INSTITUTIONAL / PHYSICAL INFRASTRUCTURE
 - * INTERFIRM COLLABORATION
 - FLEXIBLE BUSINESS NETWORKS
 - STRATEGIC ALLIANCES
- FOCUS ON GROWING SUCCESSFUL CITY / REGIONAL HUBS INTO TECHNOPOLES
- FOCUS ON CRITICAL IMPORTANCE OF SMALL BUSINESS (SMEs) AS SOURCE OF GROWTH
- FOCUS ON ALL OF THE ABOVE: POWERFUL SYNERGY FOR MAXIMUM GROWTH

KNOWLEDGE-BASED ENTERPRISES (KBES)

- KNOWLEDGE RESIDES IN
 - HUMANS (KNOWLEDGE WORKERS)
 - VALUE-ADDED PROCESSES (AGGREGATED KNOWLEDGE)
 - VALUE-ADDED ASSETS (KNOWLEDGE-RICH TOOLS)
 - MARKET RELATIONS (SUPPLIERS, CLIENTS, CULTURAL)
 - ORGANIZATIONS (FORMAL, INFORMAL PROCESSES; ALSO CULTURAL)
 - ACCUMULATED WISDOM (BUSINESS, SOCIAL, CULTURAL)
- KNOWLEDGE CONCENTRATIONS MAKE SUBSTANTIVE CONTRIBUTION TO RETURN ON INVESTMENT (ROI)
- KNOWLEDGE SHARING, BUILDING, AGGREGATING, LEVERAGING, INNOVATING, LEADS TO INCREASED COMPETITIVE ADVANTAGE(S)
- KNOWLEDGE MULTIPLIER EFFECTS FOR INDIVIDUALS AND FIRMS IN CLUSTERS AND INTERFIRM COLLABORATION, LEAD TO INCREASED COMPETITIVE ADVANTAGE(S)
- KNOWLEDGE SUPER MULTIPLIER EFFECTS FOR INDIVIDUALS AND FIRMS IN CLUSTERS AND INTERFIRM COLLABORATION, LINKED TO DYNAMICS OF REGIONAL HUBS, ACCELERATE GROWTH
- KNOWLEDGE MANAGEMENT FRAMEWORKS AND METRICS NEEDED: KNOWLEDGE PERFORMANCE INDICATORS, MEASURES FOR KNOWLEDGE WORKERS, KNOWLEDGE BASED ENTERPRISES (MICRO LEVEL); ALSO FOR AGGREGATED CLUSTERS, REGIONAL, SECTORAL, NATIONAL ECONOMY LEVELS (MACRO LEVEL); OVERALL EMPHASIS ON LEARNING SOCIETY.

HOW KNOWLEDGE-BASED ENTERPRISES USE KNOWLEDGE TO COMPETE

- 1. DEVELOP, SHARE INDIVIDUAL AND FIRM KNOWLEDGE, BOTH GENERAL (TACIT) AND SPECIFIC (CODIFIED)**
- 2. AGGREGATE AVAILABLE KNOWLEDGE, ADD VALUE (FIRM'S VALUE ADDED PROCESS)**
- 3. INNOVATE, BUILD DISTINCT, KNOWLEDGE- BASED COMPETITIVE ADVANTAGES**
- 4. LEVERAGE KNOWLEDGE-BASED COMPETITIVE ADVANTAGES WITH OTHER INTERESTED FIRMS, IN CLUSTERS OR INTERFIRM COLLABORATION**
- 5. USE AGGREGATED, CLUSTER-BASED / NETWORK-BASED KNOWLEDGE AND LEVERAGED COMPETITIVE ADVANTAGES TO FURTHER INNOVATE IN THE MARKET PLACE**
- 6. REPLENISH KNOWLEDGE CONSTANTLY, BUILD NEW KNOWLEDGE CONTACTS, RECOGNIZE KNOWLEDGE AS THE MOST ESSENTIAL AND VALUABLE OF ALL BUSINESS ASSETS**
- 7. APPOINT AN EXECUTIVE TO MANAGE KNOWLEDGE, HUMAN AND INTELLECTUAL CAPITAL AS THE MOST VALUABLE OF ALL BUSINESS ASSETS**

KNOWLEDGE-BASED WORKERS

- NATIONAL EDUCATION STANDARDS AND SYSTEM, AS FOUNDATION OF KNOWLEDGE-BASED ECONOMY, ENTERPRISE, WORKERS, AND NATIONAL / PERSONAL PROSPERITY IN THE GLOBAL ECONOMY
- DEVELOPMENT OF NATIONAL NETWORK OF POLYTECHNICAL INSTITUTES (SCIENCE, MATHEMATICS, ENGINEERING, COMPUTERS, TECHNOLOGY)
- NATIONAL RETRO FIT OF WORK FORCE (LITERACY, NUMERACY, COMPUTERS, TECHNOLOGIES)
- NATIONAL UPDATING STRATEGY FOR MIDDLE AND OLDER WORKERS TO RE-GENERATE KNOWLEDGE / SKILLS
- NATIONAL PROGRAM TO GROW KNOWLEDGE-BASED WORKERS INTO ENTREPRENEURS (START-UPS, SPIN-OFFS, BUY-OUTS, IPOs, ETC)
- NATIONAL ACCESS TO COMPUTERS, ELECTRONIC HIGHWAY, NATIONAL KNOWLEDGE BANKS, DISTILLED NATIONAL / INTERNATIONAL KNOWLEDGE PRODUCTS / SERVICES

IMPORTANT VALUE OF INHERENT STRATEGIC KNOWLEDGE TO BUSINESS

"FOR MOST ORGANIZATIONS THE RATIO OF THE VALUE OF INTELLECTUAL CAPITAL (CODIFIED KNOWLEDGE) TO THE VALUE OF PHYSICAL AND FINANCIAL CAPITAL (CAPITAL ASSETS) IS BETWEEN FIVE - TO - ONE AND SIXTEEN - TO - ONE"

- LEIF EDVINSSON,
Director of Intellectual Capital
Skandia AFS
(Financial Services Company)

Cited in "Intellectual Capital,
The New Wealth of Organizations"
by Thomas Stewart, 1997

DEFINITION OF A CLUSTER

A CLUSTER IS A CONCENTRATION OF CORE FIRMS IN A PARTICULAR ECONOMIC SECTOR; PLUS SUPPORTING SUPPLIERS, SERVICE FIRMS AND PROFESSIONALS; WITH LOCAL INSTITUTIONAL AND PHYSICAL INFRASTRUCTURE.

SMALLER COMMUNITIES AND RURAL AREAS CAN HAVE VERY SUCCESSFUL MINI-CLUSTERS, WITH LESS INFRASTRUCTURE.

CLUSTERS

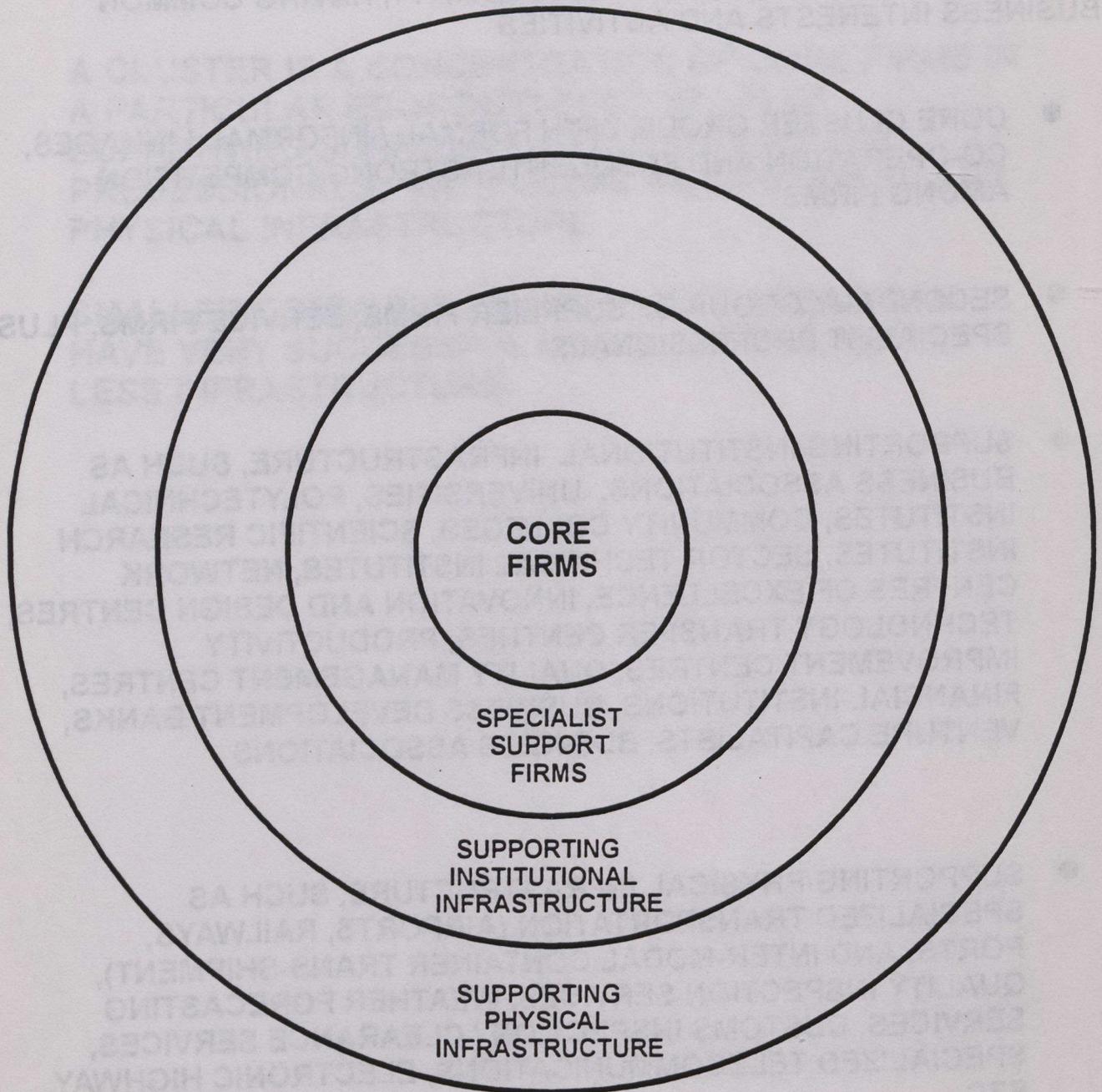
GROUPS OF LARGE AND SMALL FIRMS IN ALLIED INDUSTRY SECTOR(S), LOCATED IN CLOSE GEOGRAPHIC PROXIMITY, HAVING COMMON BUSINESS INTERESTS AND ACTIVITIES

- CORE CLUSTER GROUP, WITH FORMAL / INFORMAL LINKAGES, CO-OPERATION AND FREQUENTLY STRONG COMPETITION AMONG FIRMS
- SECONDARY GROUP OF SUPPLIER FIRMS, SERVICE FIRMS, PLUS SPECIALIST PROFESSIONALS
- SUPPORTING INSTITUTIONAL INFRASTRUCTURE, SUCH AS BUSINESS ASSOCIATIONS, UNIVERSITIES, POLYTECHNICAL INSTITUTES, COMMUNITY COLLEGES, SCIENTIFIC RESEARCH INSTITUTES, SECTOR TECHNICAL INSTITUTES, NETWORK CENTRES OF EXCELLENCE, INNOVATION AND DESIGN CENTRES, TECHNOLOGY TRANSFER CENTRES, PRODUCTIVITY IMPROVEMENT CENTRES, QUALITY MANAGEMENT CENTRES, FINANCIAL INSTITUTIONS, BUSINESS DEVELOPMENT BANKS, VENTURE CAPITALISTS, BUSINESS ASSOCIATIONS
- SUPPORTING PHYSICAL INFRASTRUCTURE, SUCH AS SPECIALIZED TRANSPORTATION (AIRPORTS, RAILWAYS, PORTS, AND INTER-MODAL CONTAINER TRANS-SHIPMENT), QUALITY INSPECTION SERVICES, WEATHER FORECASTING SERVICES, CUSTOMS INSPECTION / CLEARANCE SERVICES, SPECIALIZED TELECOMMUNICATIONS, ELECTRONIC HIGHWAY, ETC.

CLUSTERS DEMONSTRATE HIGH CONNECTIVITY AMONG ALL COMPONENTS, FOCUS ON STRATEGIC KNOWLEDGE, INNOVATION, DYNAMIC VALUE ADDED PROCESSES, LEVERAGED COMPETITIVE

HIGH PERFORMING CLUSTERS

FOUR INTEGRATED ELEMENTS



CLUSTERS DEMONSTRATE HIGH CONNECTIVITY BETWEEN ALL MAJOR ELEMENTS, SHARING KNOWLEDGE BUILDING COMPETITIVE ADVANTAGES, ACCELERATING GROWTH, REACHING OUT TO EXPORT TO GLOBAL MARKETS.

STIMULATING HIGH PERFORMANCE CLUSTERS

1. IMPROVE LOCAL LINKAGES TO HELP BUILD TRUST

- **CREATE OPPORTUNITIES FOR FIRMS TO MEET, DISCUSS, GET TO KNOW ONE ANOTHER**
- **DEVELOP FLEXIBLE BUSINESS NETWORKS TO ALLOW FIRMS TO SHARES COMPLEMENTARITIES IN PROJECT-IN-COMMON**
- **PROVIDE TECHNOLOGY SUPPORT**
- **FACILITATE BENCHMARKING**
- **DEVELOP LEARNING CIRCLES AMONG FIRMS**

2. BUILD LOCAL COMPETENCIES

- **DEVELOP INDUSTRY SPECIFIC TRAINING THROUGH LOCAL UNIVERSITIES, POLYTECHNICAL INSTITUTES, AND COLLEGES**
- **HAVE LOCAL ENTREPRENEURS TEACH AT LOCAL EDUCATIONAL INSTITUTIONS**
- **DEVELOP YOUNG ENTREPRENEURS' CLUB, WITH STRONG BUSINESS-SCHOOL LINKAGES**
- **ATTRACT IMMIGRANTS WITH STRONG ENTREPRENEURIAL SKILL SETS**

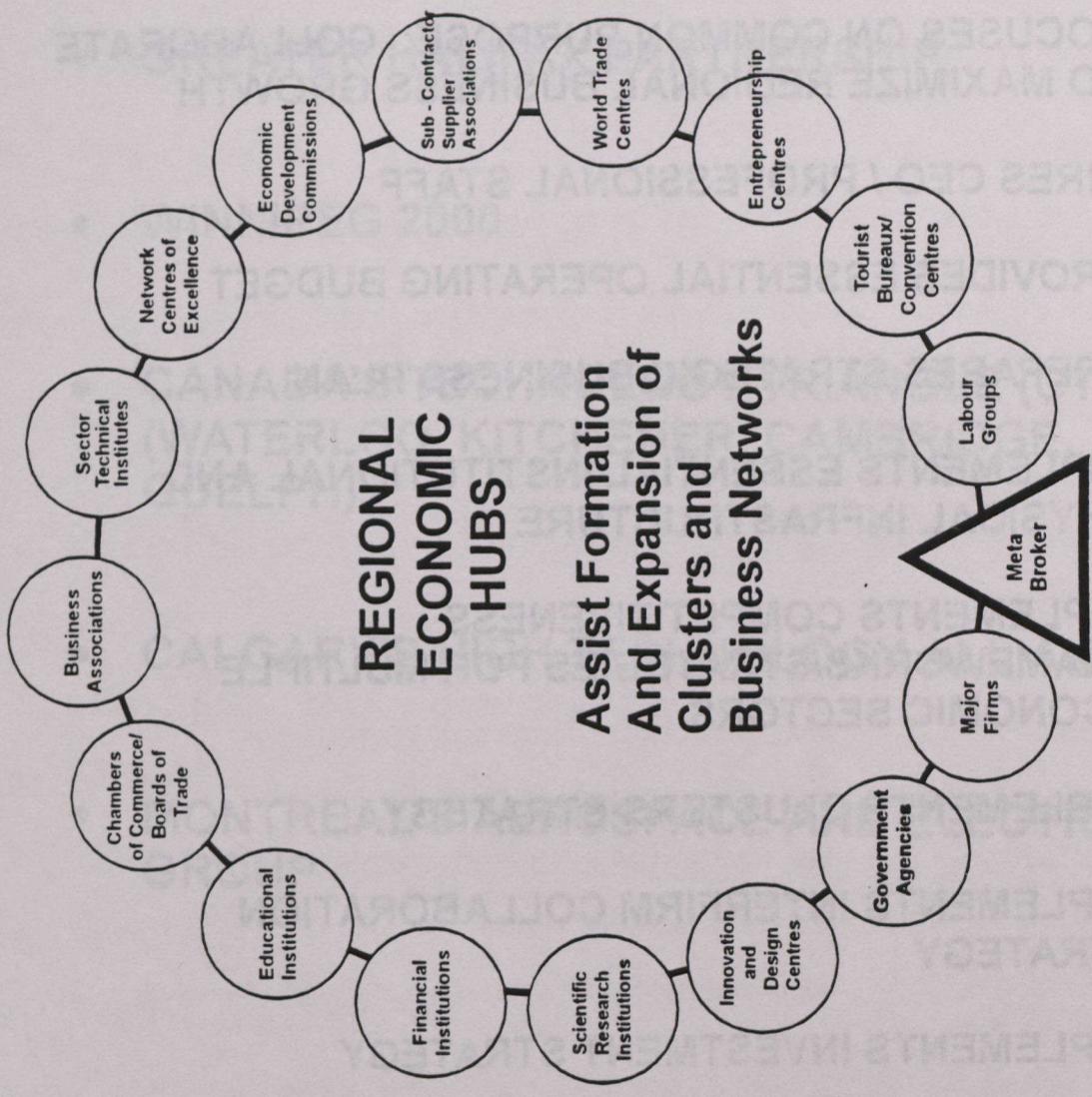
3. EXTEND THE REACH OF THE CLUSTER

- **USE GENERIC PROMOTION OF CLUSTER FIRMS' BUSINESS ACTIVITIES AND SUCCESSES**
- **HAVE CLUSTER FIRMS PARTICIPATE IN MINI-TRADE MISSIONS TO TARGET EXPORT MARKETS**
- **ATTRACT CROSS-BORDER INVESTMENT DIRECTLY RELATED TO CLUSTERS, TO BRING FOREIGN FIRMS INTO CONTACT WITH CLUSTER FIRMS**
- **UPGRADE TRANSPORT FACILITIES, REDUCING INTER-MODAL COSTS, AND DEVELOP DIRECT LINKS TO FOREIGN MARKETS**

MAPPING / DOCUMENTING / STRENGTHENING CLUSTERS

- DOCUMENT FOUR INTEGRATED ELEMENTS OF EACH LOCAL CLUSTER, PER INDUSTRY SECTOR
 - CORE FIRMS
 - SECONDARY FIRMS
 - INSTITUTIONAL INFRASTRUCTURE
 - PHYSICAL INFRASTRUCTURE
- MAP NATURE, FREQUENCY OF CONNECTIVITY BETWEEN FOUR ELEMENTS, NOTING MOST ACTIVE PLAYERS
- DO S.W.O.T. ANALYSIS
- MAP VALUE ADDED PROCESSES
- DOCUMENT NATURE, USE OF ADVANCED TECHNOLOGIES
- DOCUMENT KNOWLEDGE FACTORS
- DOCUMENT COMPETITIVE ADVANTAGES
- DOCUMENT EXPORT PATTERNS / VOLUMES
- BENCHMARK WITH OTHER CLUSTERS
- COMPARE PRODUCTIVITY OF CORE FIRMS IN KEY ECONOMIC SECTORS TO NATIONAL, INTERNATIONAL NORMS
- COMPARE TO PORTER MODEL
- DEVELOP STRATEGY TO STRENGTHEN CLUSTER

REGIONAL ECONOMIC HUBS



Regional Economic Hubs normally involve all the major players in the local business community. They have a Board of Directors, a Managing Director, a mission statement, a strategic plan, a Meta Broker, and expert staff/budget to hire consultants. Network Hubs are more loosely structured than a Japanese KEIRETSU, but offer analogous advantages of informal interdependence and mutual support for common benefit, including access to knowledge, skills, technology and capital. Canada's top 100 cities should each have a Regional Economic Hub, built around the regional economic development commission.

REGIONAL ECONOMIC HUB

- BRINGS ALL MAJOR PLAYERS IN LOCAL BUSINESS COMMUNITY TOGETHER: CONCENTRATES THE KNOWLEDGE, STRATEGIC INTELLIGENCE, ENERGY, RESOURCES OF MULTIPLE PLAYERS
- FOCUSES ON COMMON PURPOSE: COLLABORATE TO MAXIMIZE REGIONAL BUSINESS GROWTH
- HIRES CEO / PROFESSIONAL STAFF
- PROVIDES ESSENTIAL OPERATING BUDGET
- PREPARES STRATEGIC BUSINESS PLAN
- IMPLEMENTS ESSENTIAL INSTITUTIONAL AND PHYSICAL INFRASTRUCTURE
- IMPLEMENTS COMPETITIVENESS FRAMEWORKS/STRATEGIES FOR MULTIPLE ECONOMIC SECTORS
- IMPLEMENTS CLUSTERS STRATEGY
- IMPLEMENTS INTERFIRM COLLABORATION STRATEGY
- IMPLEMENTS INVESTMENT STRATEGY
- IMPLEMENTS EXPORT STRATEGY
- RENEWS, REPLENISHES STRATEGIC KNOWLEDGE CONSTANTLY

EXAMPLES OF REGIONAL ECONOMIC HUBS

- OTTAWA CARLETON TECHNOPOLE
- GREATER HALIFAX PARTNERSHIP
- WINNIPEG 2000
- CANADA'S TECHNOLOGY TRIANGLE (CTT)
(WATERLOO, KITCHENER, CAMBRIDGE,
GUELPH)
- CALGARY'S HIGH TECHNOLOGY ALLIANCE
- MONTREAL'S AEROSPACE AND ELECTRONICS
GROUP

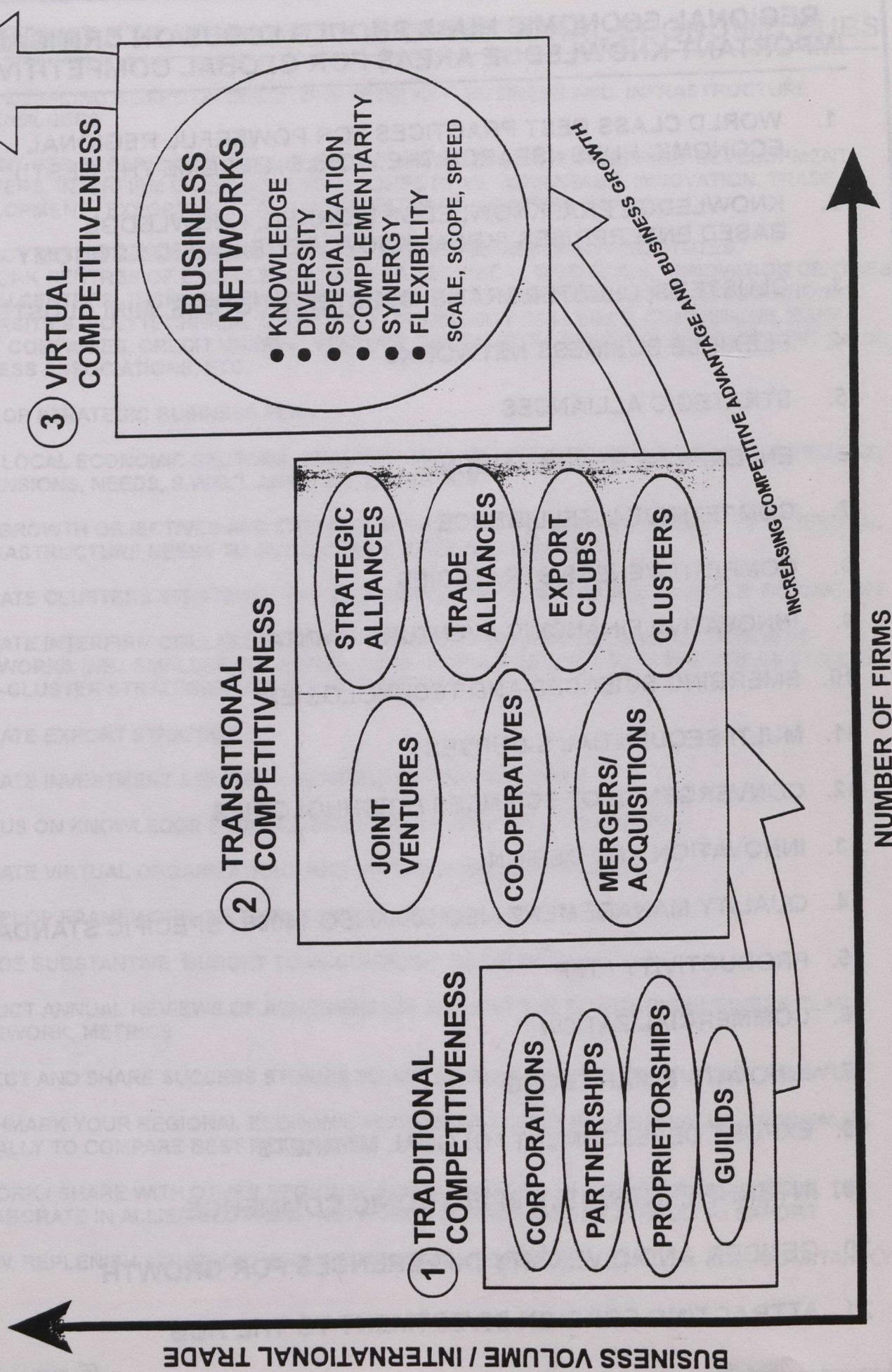
IMPORTANT STRATEGIC FOCUS OF REGIONAL ECONOMIC HUBS

1. **CREATE STRONG BOARD OF DIRECTORS FROM KEY BUSINESS AND INFRASTRUCTURE STAKEHOLDERS**
2. **APPOINT CEO EXPERIENCED IN KNOWLEDGE MANAGEMENT, ENTERPRISE DEVELOPMENT, CLUSTERS, INTERFIRM COLLABORATION, COMPETITIVE ADVANTAGE, INNOVATION, TRADE DEVELOPMENT / EXPORTING, CAPITAL INVESTMENT / VENTURE CAPITAL**
3. **ATTRACT KEY INFRASTRUCTURE PLAYERS: SCIENTIFIC RESEARCH INSTITUTES, NETWORK CENTRES OF EXCELLENCE, SECTOR TECHNICAL INSTITUTES, INNOVATION CENTRES, DESIGN CENTRES, TECHNOLOGY TRANSFER CENTRES, SUB-CONTRACTOR ASSOCIATIONS, UNIVERSITIES, POLYTECHNICAL INSTITUTES, COMMUNITY COLLEGES, COMMERCIAL BANKS, TRUST COMPANIES, CREDIT UNIONS, VENTURE CAPITALISTS, BUSINESS DEVELOPMENT BANK, BUSINESS ASSOCIATIONS, ETC.**
4. **DEVELOP STRATEGIC BUSINESS PLAN**
 - **MAP LOCAL ECONOMIC SECTORS, QUALITATIVELY AND QUANTITATIVELY, CHARACTERISTICS, DIMENSIONS, NEEDS, S.W.O.T. ANALYSIS, STATISTICS**
 - **SET GROWTH OBJECTIVES AND CREATIVE STRATEGIES TO ACHIEVE THESE; NOTE SPECIAL INFRASTRUCTURE NEEDS TO BUILD COMPETITIVE ADVANTAGE(S)**
 - **CREATE CLUSTERS STRATEGY; MAP CLUSTER ACTIVITY; STIMULATE CLUSTER FORMATION**
 - **CREATE INTERFIRM COLLABORATION PROGRAM, STRATEGIC ALLIANCES, BUSINESS NETWORKS (NB. SMALLER ECONOMIC UNITS / POPULATION SIZES / RURAL AREAS CAN USE MINI-CLUSTER STRATEGIES VERY SUCCESSFULLY!)**
 - **CREATE EXPORT STRATEGY**
 - **CREATE INVESTMENT STRATEGY, VENTURE CAPITAL PROGRAM**
 - **FOCUS ON KNOWLEDGE SHARING, BUILDING, LEVERAGING, INNOVATING**
 - **CREATE VIRTUAL ORGANIZATIONS AND VIRTUOUS GROWTH MODELS**
 - **DEVELOP FRAMEWORK, METRICS TO MEASURE RESULTS**
5. **PROVIDE SUBSTANTIVE BUDGET TO ACCOMPLISH RESULTS**
6. **CONDUCT ANNUAL REVIEWS OF ACHIEVEMENTS AGAINST THE STRATEGIC BUSINESS PLAN, FRAMEWORK, METRICS**
7. **COLLECT AND SHARE SUCCESS STORIES TO ACT AS ROLE MODELS FOR FUTURE GROWTH**
8. **BENCHMARK YOUR REGIONAL ECONOMIC HUB AGAINST OTHERS, REGIONALLY, NATIONALLY, GLOBALLY TO COMPARE BEST PRACTICES**
9. **NETWORK / SHARE WITH OTHER REGIONAL ECONOMIC HUBS, TO BUILD CRITICAL MASS, TO COLLABORATE IN ALLIED CLUSTERS, NETWORKS ACROSS MULTIPLE HUBS TO EXPORT**
10. **RENEW, REPLENISH STRATEGIC KNOWLEDGE, IN ALL COMPONENTS OF THE HUB, CONSTANTLY**

REGIONAL ECONOMIC HUBS SHOULD FOCUS ON CRITICALLY IMPORTANT KNOWLEDGE AREAS FOR GLOBAL COMPETITIVENESS

1. WORLD CLASS BEST PRACTICES FOR POWERFUL REGIONAL ECONOMIC HUBS (SEARCH THE WORLD, BECOME THE BEST!)
2. KNOWLEDGE ERA, KNOWLEDGE WORKER, KNOWLEDGE BASED ENTERPRISES (KBes), KNOWLEDGE-BASED ECONOMY
3. CLUSTERS, CLUSTERGRAMS, CLUSTER MUSTERS, MINI CLUSTERS
4. FLEXIBLE BUSINESS NETWORKS
5. STRATEGIC ALLIANCES
6. ENTERPRISE BENCHMARKING
7. COMPETITIVE INTELLIGENCE
8. COMPETITIVENESS STRATEGIES
9. INNOVATIVE FINANCING / VENTURE CAPITAL
10. EMERGING SCIENCES AND TECHNOLOGIES
11. MULTI-SEQUENTIAL S-CURVES
12. CONVERGENCE OF SCIENCES / TECHNOLOGIES
13. INNOVATION AND DESIGN
14. QUALITY MANAGEMENT / ISO 9000 / ISO 14000 / SPECIFIC STANDARDS
15. PRODUCTIVITY / TFP
16. COMMERCIALIZATION
17. INNOVATIVE MARKETING
18. EXPORT DEVELOPMENT / GLOBAL MARKETS
19. INTERNET, INTRANET, ELECTRONIC COMMERCE
20. GENDER AND DIVERSITY DIFFERENCES FOR GROWTH
21. ATTRACTING FOREIGN INVESTMENT TO THE HUB

EVOLVING ORGANIZATIONAL FORMS TO SHARE, BUILD, LEVERAGE KNOWLEDGE AND CREATE COMPETITIVENESS



THERE ARE ONLY THREE WAYS A BUSINESS CAN GROW

- **Endogenous Growth**

Traditional growth from within;
requires hard work and risk taking.

- **Exogenous Growth**

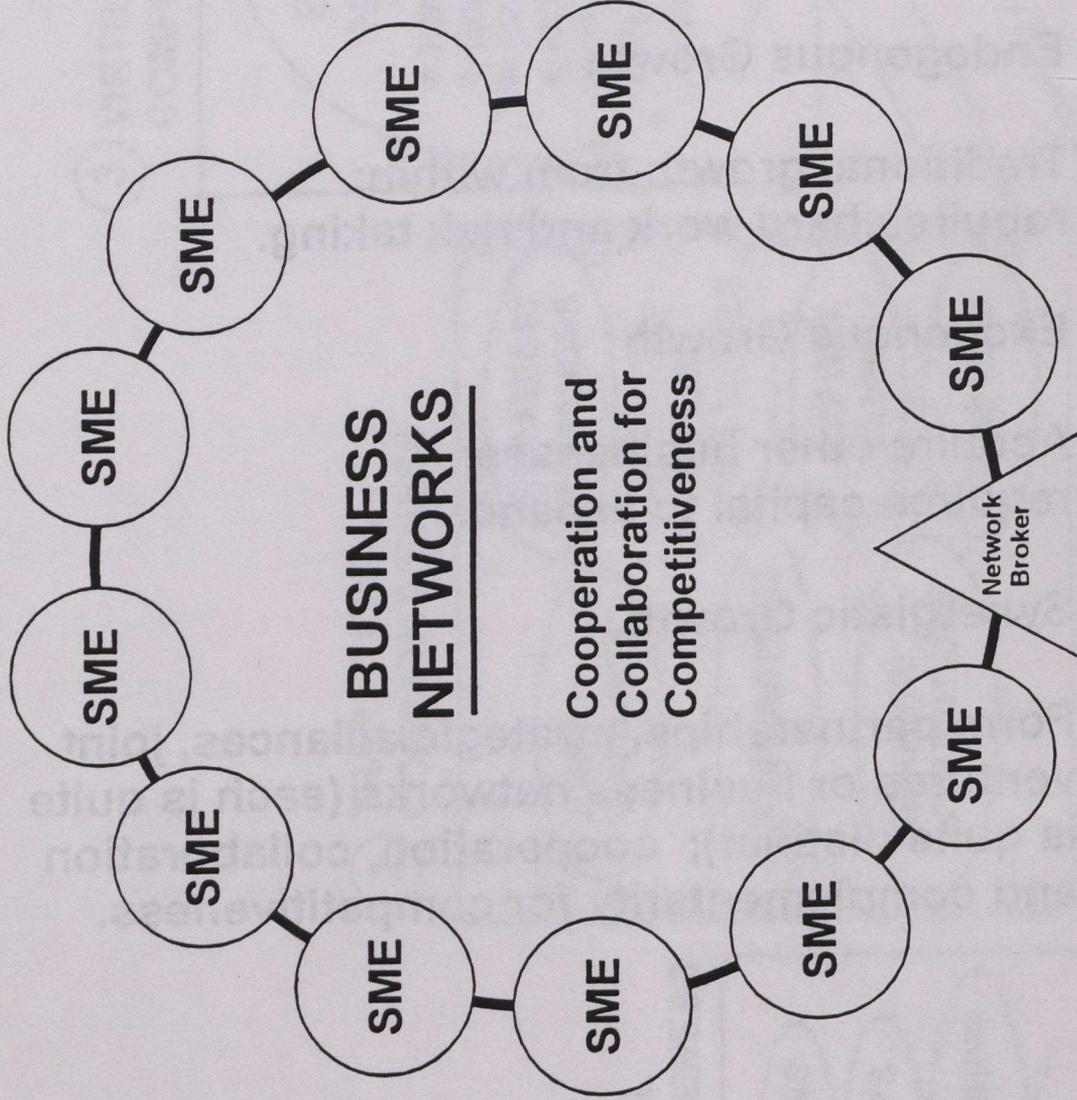
Acquire other businesses;
requires capital to expand.

- **Synergistic Growth**

Form partnerships, strategic alliances, joint ventures or business networks (each is quite distinct); cooperation, collaboration and complementarity for competitiveness.

**ONLY SYNERGISTIC GROWTH ALLOWS MANY
SMALL BUSINESSES TO GROW EASILY,
QUICKLY AND SUSTAINABLY.**

BUSINESS NETWORKS

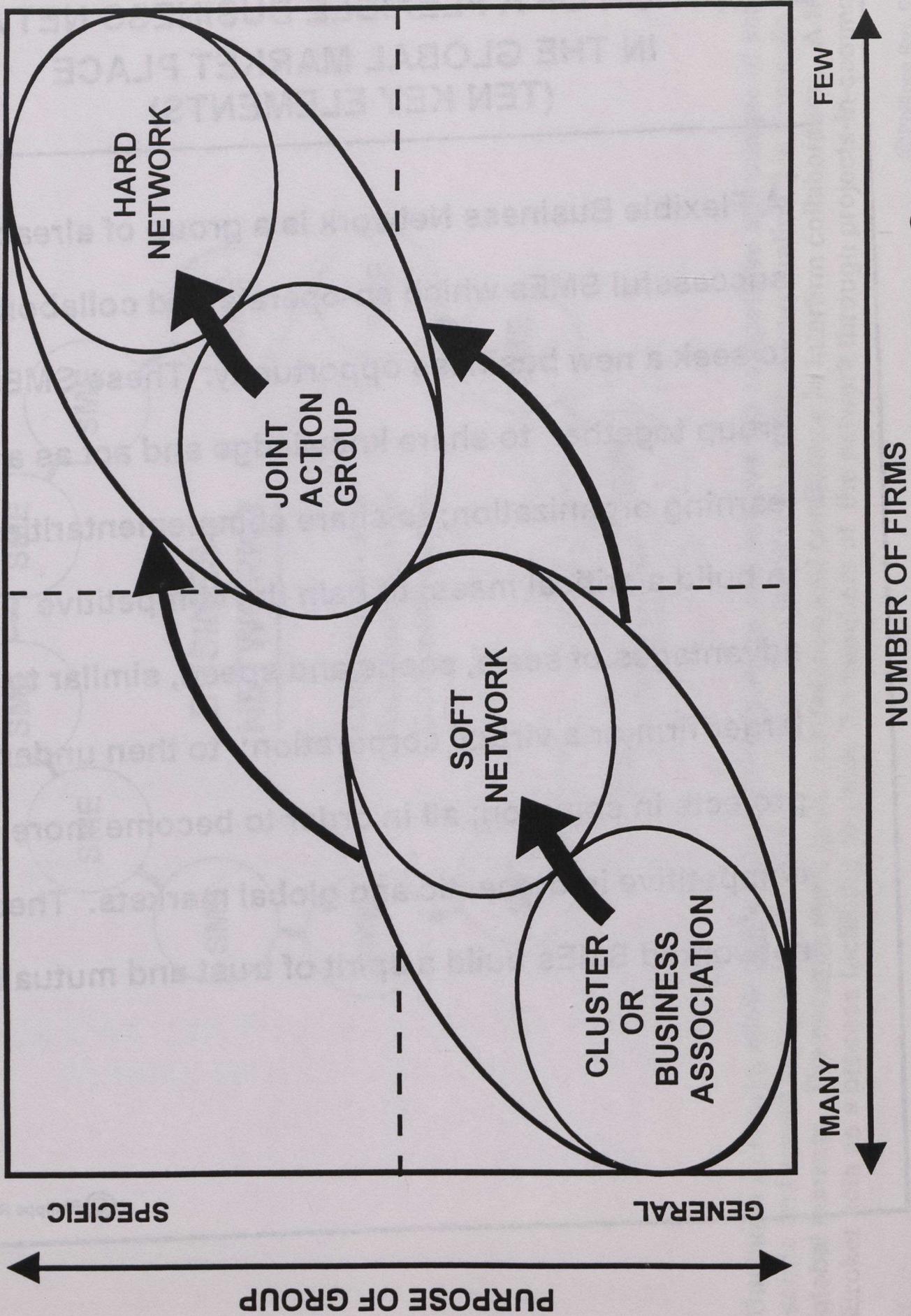


Business Networks allow SMEs to build critical mass and achieve the competitive advantages of scale, scope and speed in order to compete as a larger firm (similar to a "virtual corporation") in domestic and global markets. The network must build competence and confidence in interfirm collaboration. A Network Broker acts as a process facilitator to guide the members of the network through projects-in-common.

DEFINITION OF A FLEXIBLE BUSINESS NETWORK IN THE GLOBAL MARKET PLACE (TEN KEY ELEMENTS)

A Flexible Business Network is a group of already successful SMEs which co-operate and collaborate to seek a new business opportunity. These SMEs group together to share knowledge and act as a learning organization; to share complementarities; to build a critical mass; to gain the competitive advantages of scale, scope and speed, similar to a larger firm or a virtual corporation; to then undertake projects in common; all in order to become more competitive in domestic and global markets. These networked SMEs build a spirit of trust and mutuality.

**ACCELERATING KNOWLEDGE SHARING, BUILDING, LEVERAGING:
SOFT vs. HARD BUSINESS NETWORKS**



TYPES OF BUSINESS NETWORKS

- **Horizontal Networks**

Groupings of similar size firms in the same industry sector (50% of cases)

- **Vertical networks**

Groupings of smaller firms supplying/serving larger firms (10% of cases)

- **Cross-Sectoral Networks**

Groupings of SMEs from complementary industry sectors seeking to innovate with new products and services (10% of cases)

- **Public/Private Sector Networks**

Scientific/Technical Institutes, Educational Institutions, Development Agencies, Financial Institutions, Business Associations, Clusters/SMEs, Private Investors (10% of cases).

- **Emerging industries/Converging Sciences and Technologies Networks**

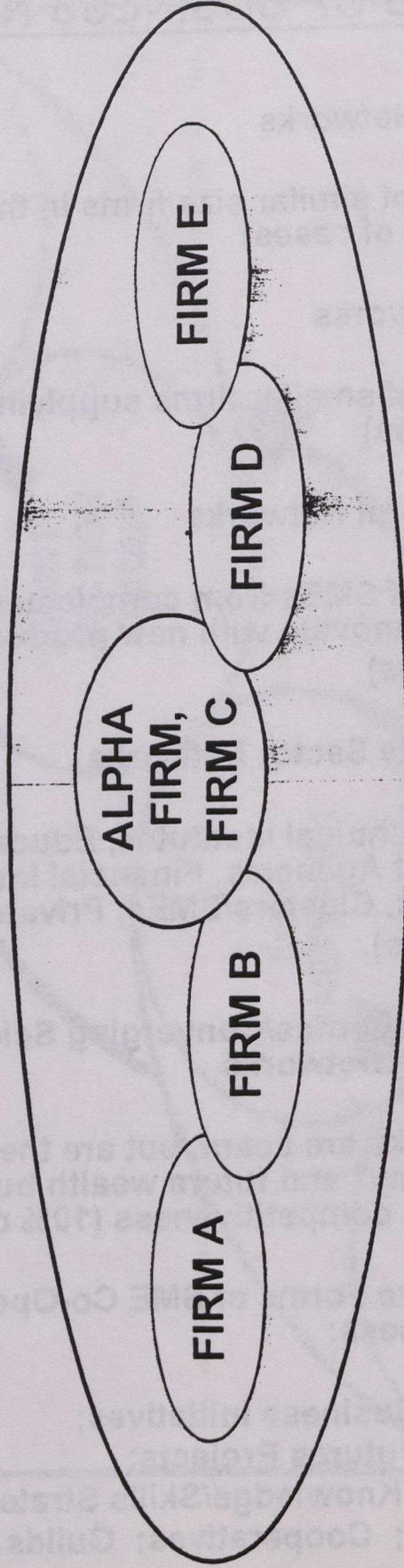
Such networks are scant, but are the very essence of the "new economy" and future wealth building through leading-edge competitiveness (10% of cases).

- **Other Creative Forms of SME Co-Operation that Enhance Competitiveness:**

Community Business Initiatives;
Community Futures Projects;
Employment Knowledge/Skills Strategies;
Export Clubs; Cooperatives; Guilds.

KNOWLEDGE-BASED FIRMS IN HORIZONTAL BUSINESS NETWORKS

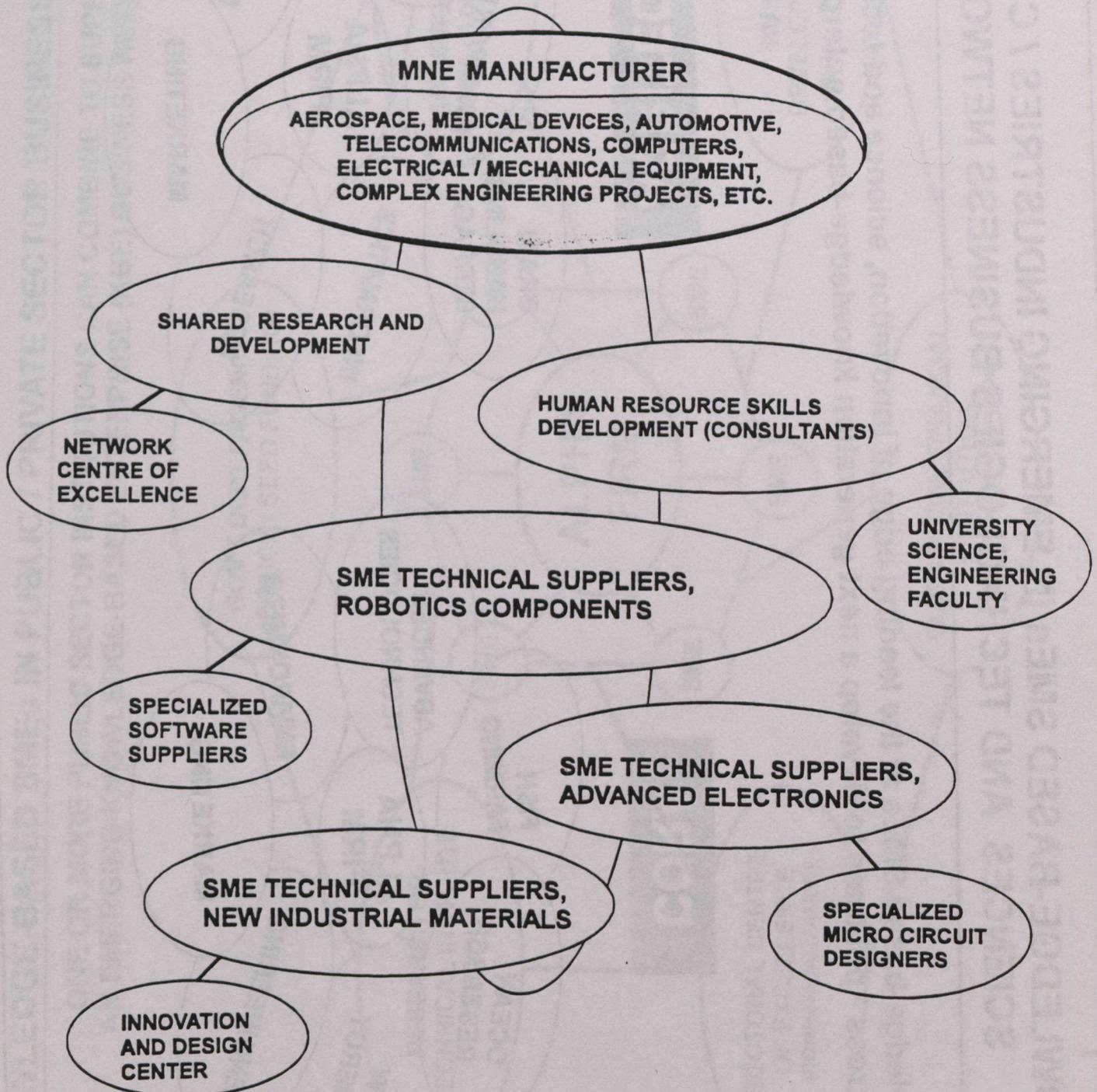
A number of SMEs, led by an alpha firm, usually in the same cluster, combine to achieve greater scale, scope and speed through participation in projects-in-common



such as purchasing, skills development, technology development / sharing, complex engineering, joint processing/manufacturing, new product development / commercialization, marketing, or export development.

KNOWLEDGE-BASED SMEs SUPPLYING MNEs IN VERTICAL BUSINESS NETWORKS

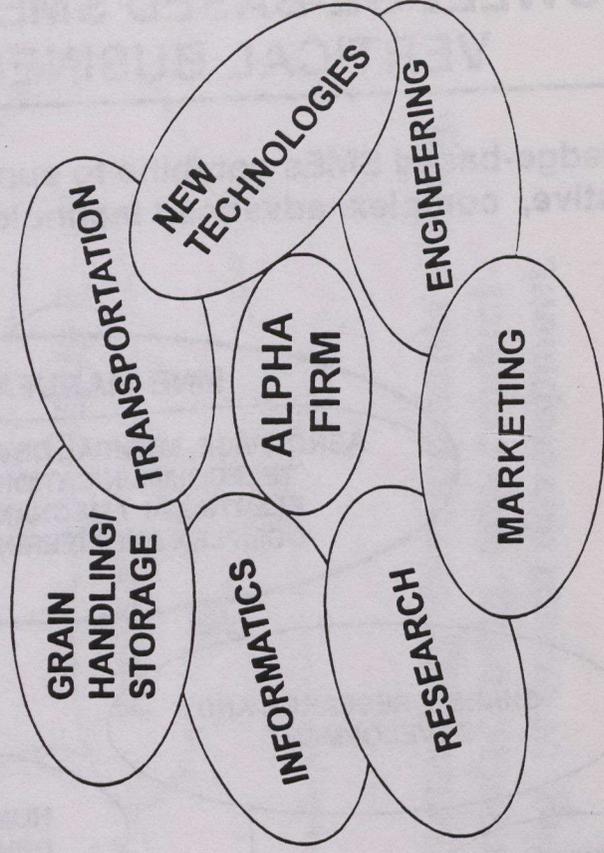
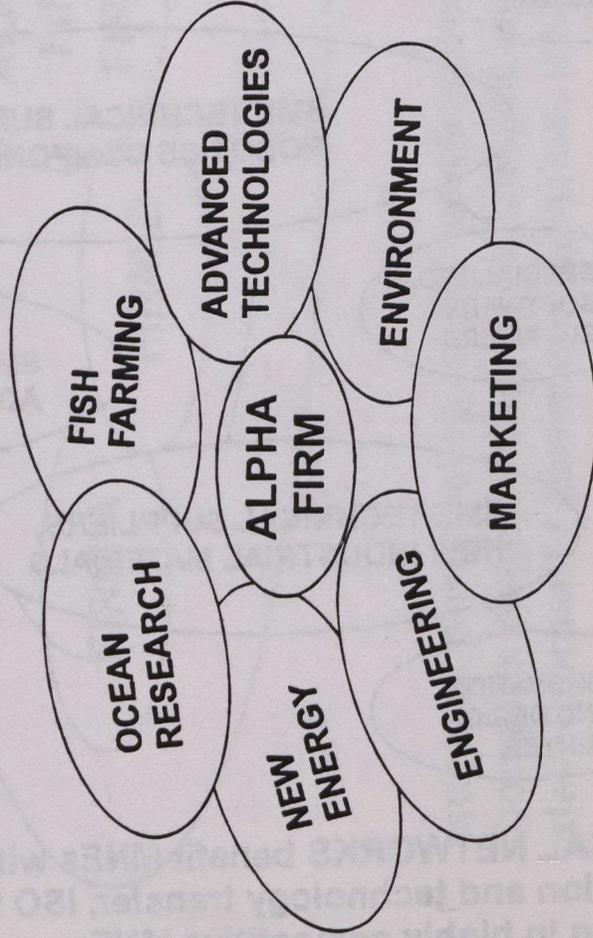
Knowledge-based SMEs combine to supply MNEs, to create a knowledge-rich, innovative, complex, advanced technology good or service



VERTICAL NETWORKS benefit MNEs with highly productive SMEs in innovation and technology transfer, ISO 9000 / TQM, productivity / TFP, resulting in highly competitive MNEs.

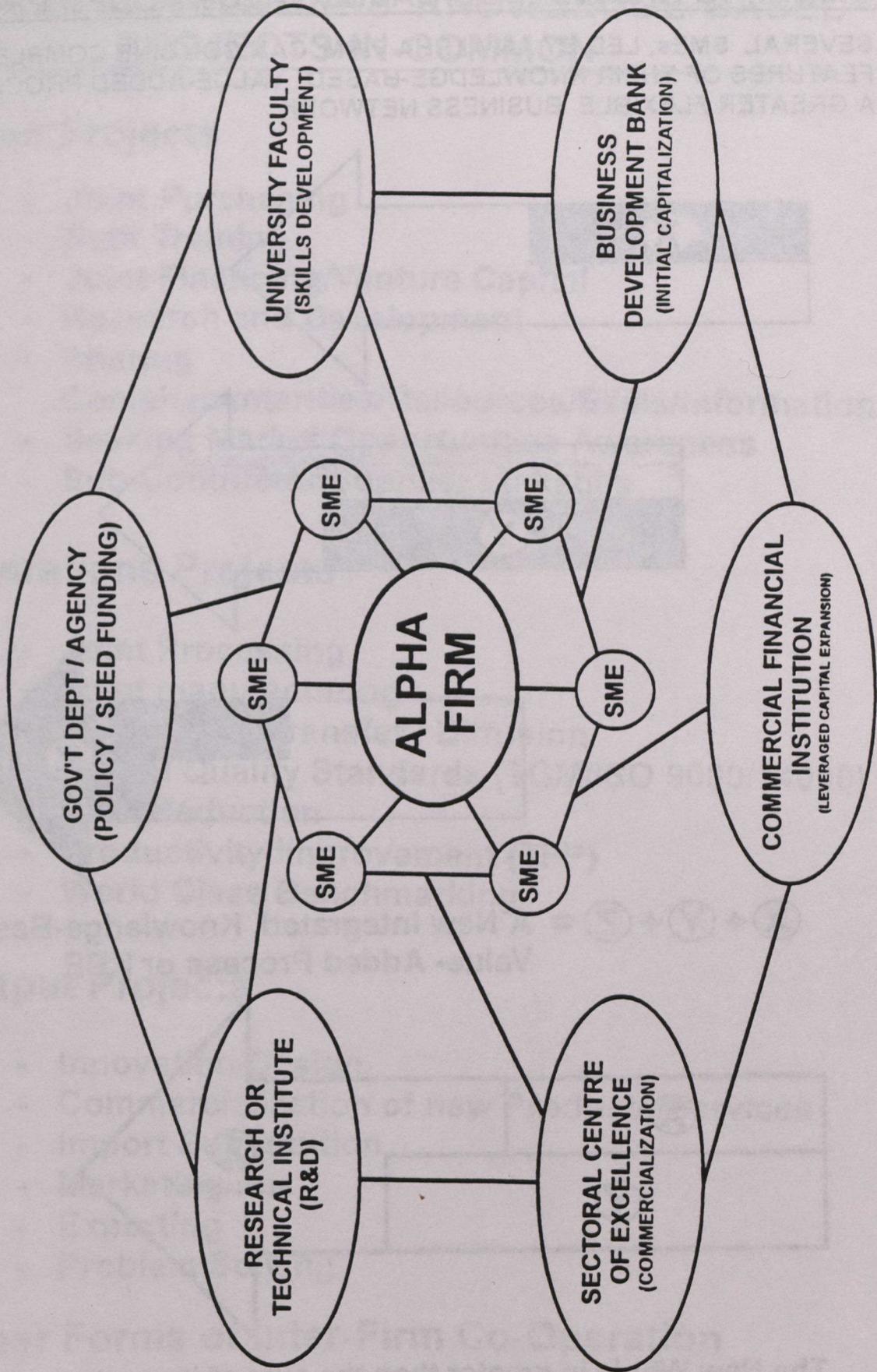
KNOWLEDGE-BASED SMEs IN EMERGING INDUSTRIES / CONVERGING SCIENCES AND TECHNOLOGIES BUSINESS NETWORKS

Knowledge-based SMEs at the leading edge of innovation, science and technology may cross - pollinate to develop a next generation knowledge-based enterprise (KBE).



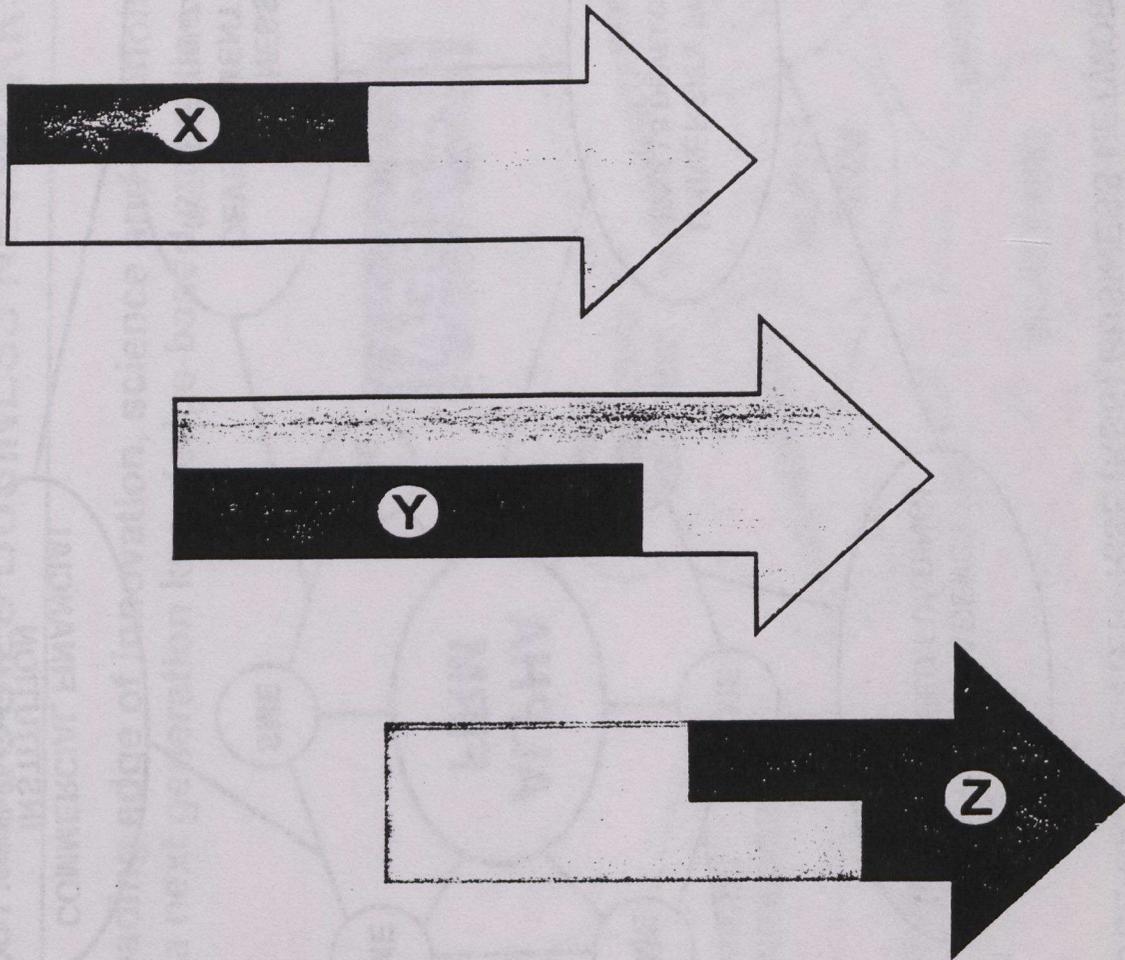
KNOWLEDGE-BASED SMEs IN PUBLIC / PRIVATE SECTOR BUSINESS NETWORKS

ONE OR MORE PUBLIC SECTOR INSTITUTIONS CAN COMBINE TO SUPPORT AN EMERGING KNOWLEDGE-BASED ENTERPRISE (KBE) BUSINESS NETWORK

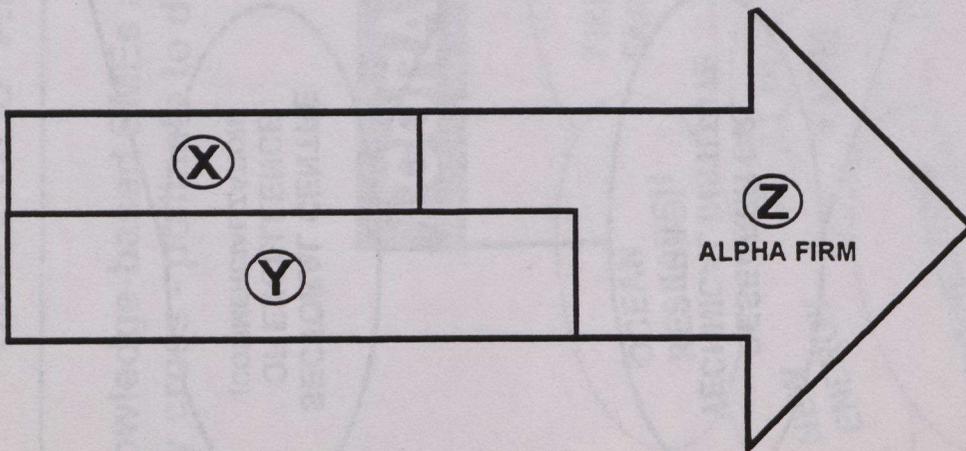


COMBINING KNOWLEDGE-BASED VALUE ADDED PROCESSES

SEVERAL SMES, LED BY AN ALPHA FIRM, CAN COMBINE COMPLEMENTARY FEATURES OF THEIR KNOWLEDGE-BASED, VALUE-ADDED PROCESSES IN A GREATER FLEXIBLE BUSINESS NETWORK



$\textcircled{X} + \textcircled{Y} + \textcircled{Z} =$ A New Integrated, Knowledge-Based, Value-Added Process or KBE



The New Whole is greater than the sum of its parts

BUSINESS NETWORKS' KNOWLEDGE-BASED PROJECTS-IN-COMMON

- **Input Projects**

- Joint Purchasing
- Staff Training
- Joint Financing/Venture Capital
- Research and Development
- Sharing
Complementarities/Resources/Skills/Information
- Seeking Market Opportunities Awareness
- Sub-Contractor/Supplier Linkages

- **Operations Projects**

- Joint Processing
- Joint manufacturing
- Technology Transfer / Diffusion
- Global Quality Standards (TQM/ISO 9000/14000)
- Cost Reduction
- Productivity Improvement (TFP)
- World Class Benchmarking

- **Output Projects**

- Innovation/Design
- Commercialization of new Products/Services
- Import Substitution
- Marketing
- Exporting
- Problem Solving

- **Other Forms of Inter-Firm Co-Operation**

STAGES IN THE GROWTH OF A BUSINESS NETWORK

- **Readiness**

Lead firms, or Alpha firms, develop competence for interfirm collaboration

- **Feasibility Study**

Lead / Alpha firm seeks a new business opportunity and new business partners

- **Business Plan**

Lead / Alpha firm confirms the opportunity and the partners in a detailed business plan

- **Business Operations**

Lead / Alpha firm and partners implement the business plan to work

EXAMPLES OF BUSINESS NETWORKS

- **OTTAWA - CARLETON MANUFACTURING NETWORK**
(APPROXIMATELY 80 FIRMS IN TELECOM, COMPUTERS, SOFTWARE; CIBN TECHNOLOGIES, ANDREW YOUNG)
- **APPLIED MOLECULAR RESEARCH TO COMBAT CANCER**
(8 FIRMS IN BIOTECHNOLOGY / MEDICAL RESEARCH; NRC, DR. DENNIS COOPER)
- **RENFREW COUNTY WOOD PRODUCTS/HOME COMPONENTS**
(6 FIRMS MAKING VARIOUS HOME CONSTRUCTION COMPONENTS COMBINE TO MAKE, EXPORT MODEL HOMES; RENFREW COUNTY EDC, DAWN DURANT)

MICRO RESULTS / IMPACTS OF DANISH BUSINESS NETWORKS PROGRAM*

520 Danish SMEs in 82 Business Networks reported these results:



COSTS

19% reduced costs



SALES

42% increased sales



INNOVATION

75% accelerated innovation
(product, process, technology)



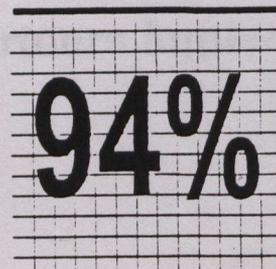
INTERNATIONAL POSITION

75% strengthened international position
(export markets)



EMPLOYMENT

82% increased direct and indirect employment

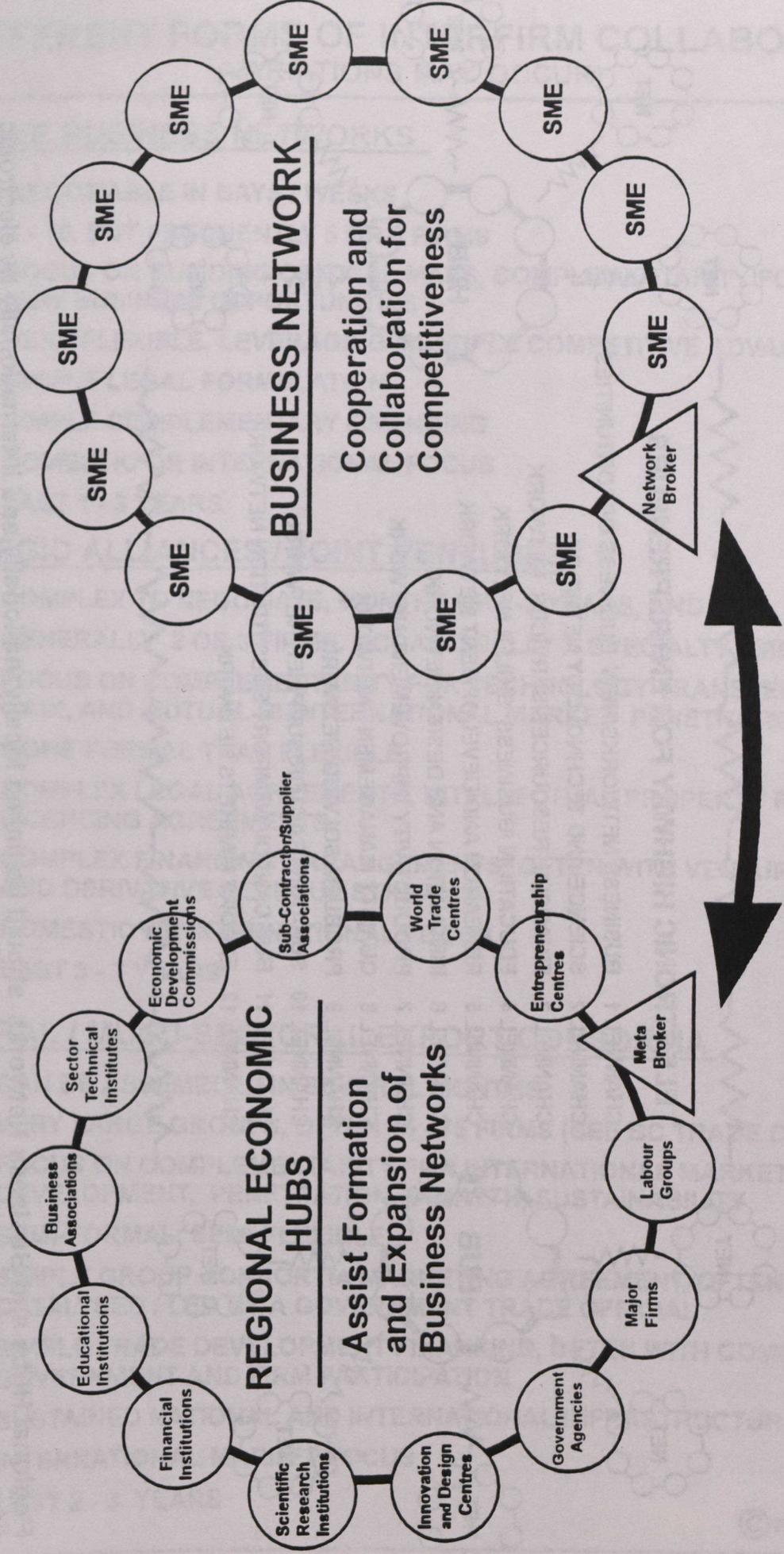


Thought business networks were a better way to do business, and would do it again!

Danish SMEs went on to form 1000 Business Networks in 5 years !

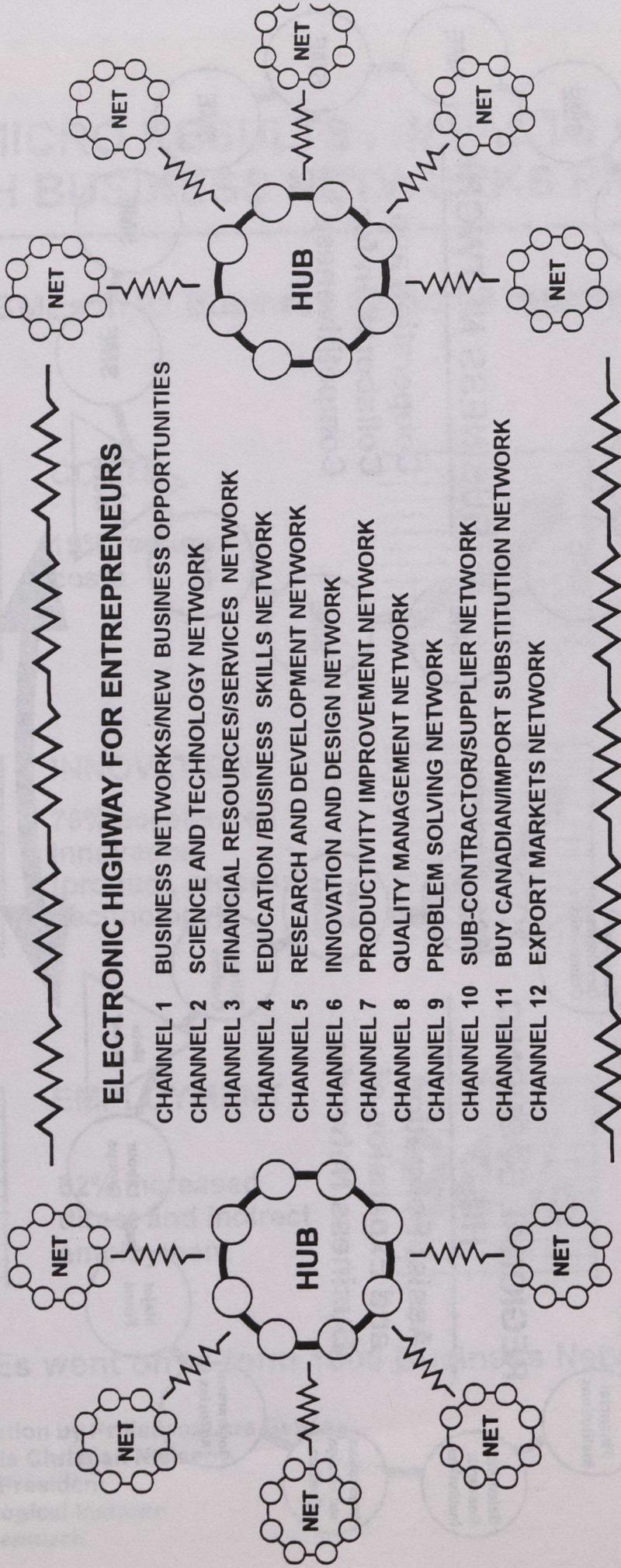
*Program Evaluation by Professor Lars Gelsing
Courtesy of Niels Christian Nielsen
Executive Vice-President
Danish Technological Institute
Copenhagen, Denmark

SYNERGY OF REGIONAL ECONOMIC HUBS AND BUSINESS NETWORKS



Regional Economic Hubs and Business Networks work synergistically to increase SME competitiveness. Meta Brokers are the technical experts and proponents of synergy at Regional Economic Hubs, and Network Brokers are the essential catalysts to SMEs in Business Networks. Hubs and Networks should be linked by electronic highway locally, regionally and nationally to share knowledge, to find new partners and to market opportunities.

NATIONAL ELECTRONIC HIGHWAY FOR REGIONAL HUBS AND NETWORKED ENTREPRENEURS: SHARING AND LEVERAGING KNOWLEDGE FOR GROWTH



Regional Hubs and Business Networks should be linked locally, nationally and internationally by electronic highway to find new partners and business opportunities; to access science and technology; to access creative financial services; to access business skills; to find unique expertise; to facilitate shared research and development; to innovate; to solve problems; to access Canadian suppliers; to market domestically; to export; to accelerate building the new knowledge-based economy and creation of new jobs.

DIFFERENT FORMS OF INTERFIRM COLLABORATION

(VARIATIONS MAY OCCUR)

FLEXIBLE BUSINESS NETWORKS

- NEGOTIABLE IN DAYS / WEEKS
- 3 - 10, BUT FREQUENTLY 5 OR 6 FIRMS
- FOCUS ON BUILDING CRITICAL MASS, COMPLEMENTARITY FOR DIVERSE NEW BUSINESS OPPORTUNITIES
- VERY FLEXIBLE, LEVERAGING MULTIPLE COMPETITIVE ADVANTAGES
- SIMPLE LEGAL FORMULATION
- SIMPLE COMPLEMENTARY FINANCING
- DOMESTIC OR INTERNATIONAL FOCUS
- LAST 1 - 3 YEARS

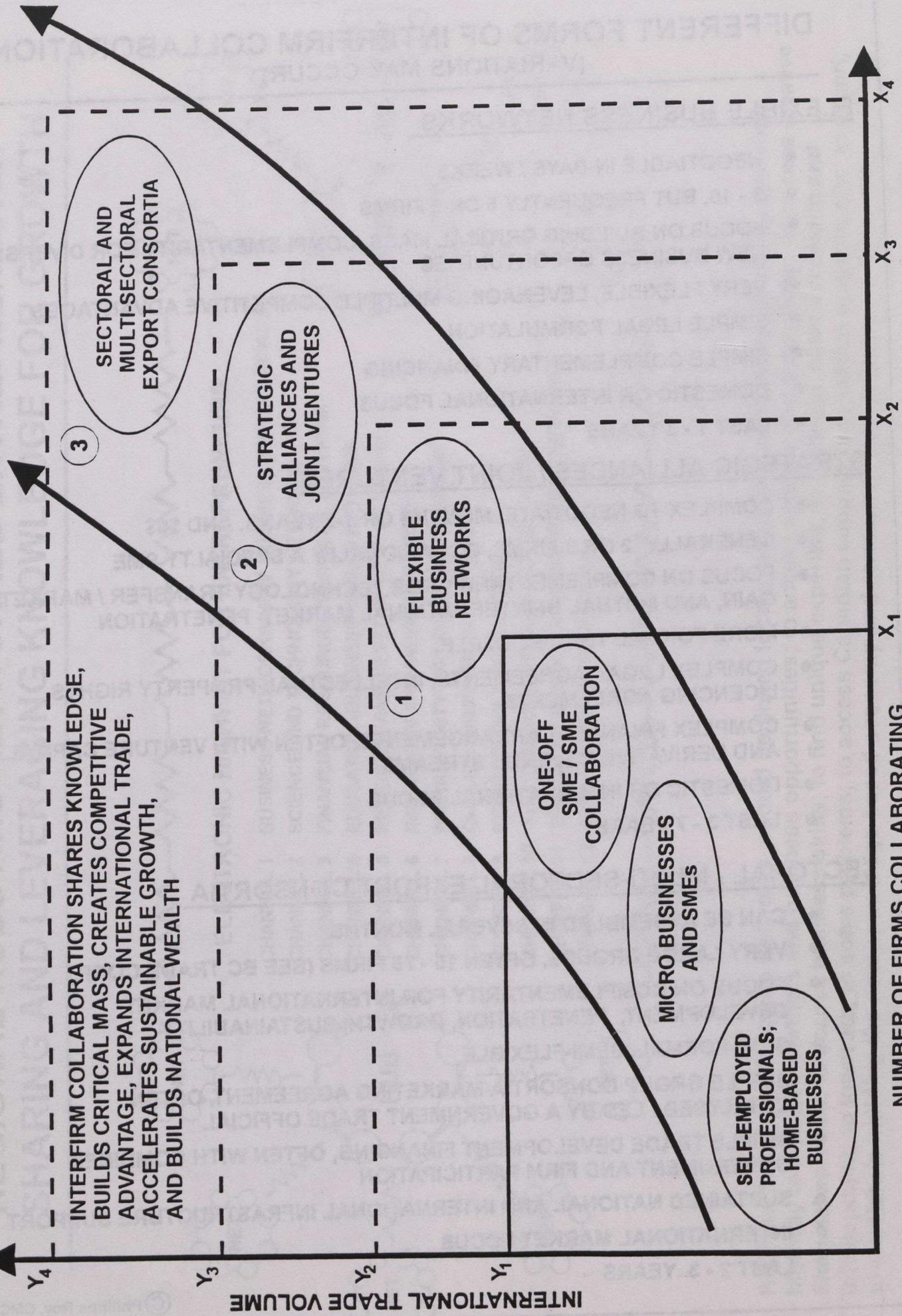
STRATEGIC ALLIANCES / JOINT VENTURES

- COMPLEX TO NEGOTIATE, MONTHS OR 1-2 YEARS, AND \$\$\$
- GENERALLY 2 OR 3 FIRMS, OCCASIONALLY A SPECIALTY SME
- FOCUS ON COMPLEMENTARITY FOR TECHNOLOGY TRANSFER / MARKET GAIN, AND MUTUAL BI-INTERNATIONAL MARKET PENETRATION
- MORE FORMAL THAN FLEXIBLE
- COMPLEX LEGAL AGREEMENTS, INTELLECTUAL PROPERTY RIGHTS, LICENCING AGREEMENTS
- COMPLEX FINANCING ARRANGEMENTS, OFTEN WITH VENTURE CAPITAL, AND DERIVATIVE REVENUE STREAMS
- DOMESTIC OR INTERNATIONAL FOCUS
- LAST 3 - 7 YEARS

SECTORAL / MULTI-SECTORAL EXPORT CONSORTIA

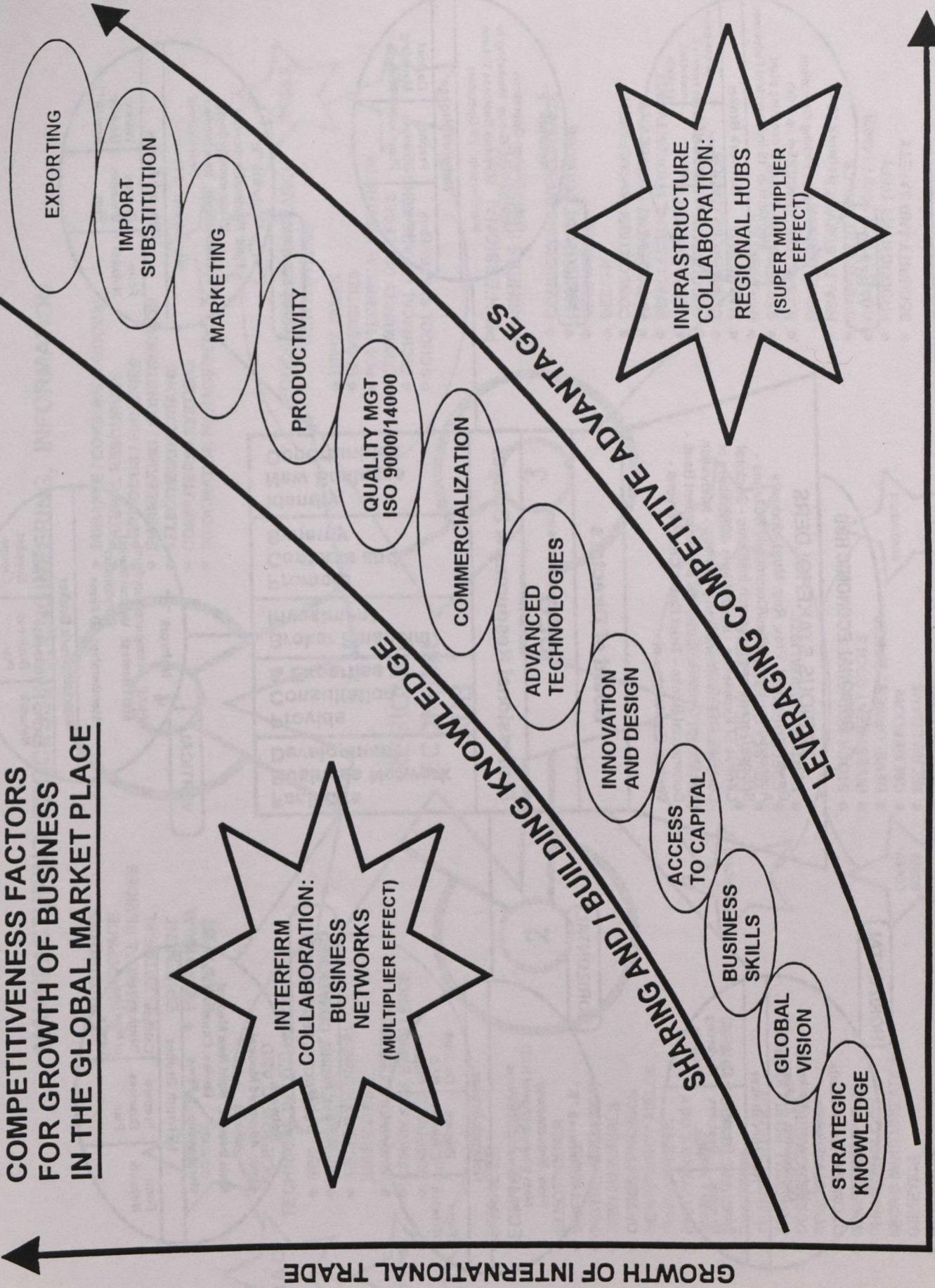
- CAN BE ASSEMBLED IN SEVERAL MONTHS
- VERY LARGE GROUPS, OFTEN 15 - 75 FIRMS (SEE BC TRADE CORP.)
- FOCUS ON COMPLEMENTARITY FOR INTERNATIONAL MARKET DEVELOPMENT, PENETRATION, GROWTH, SUSTAINABILITY
- SEMI-FORMAL, SEMI-FLEXIBLE
- SIMPLE GROUP CONSORTIA MARKETING AGREEMENT, OFTEN CATALYSED / LED BY A GOVERNMENT TRADE OFFICIAL
- SIMPLE TRADE DEVELOPMENT FINANCING, OFTEN WITH COMBINED GOVERNMENT AND FIRM PARTICIPATION
- SUSTAINED NATIONAL AND INTERNATIONAL INFRASTRUCTURE SUPPORT
- INTERNATIONAL MARKET FOCUS
- LAST 2 - 3 YEARS

INTERFIRM COLLABORATION FOR EXPORT GROWTH AND NATIONAL WEALTH BUILDING IN THE GLOBAL MARKET PLACE



NUMBER OF FIRMS COLLABORATING

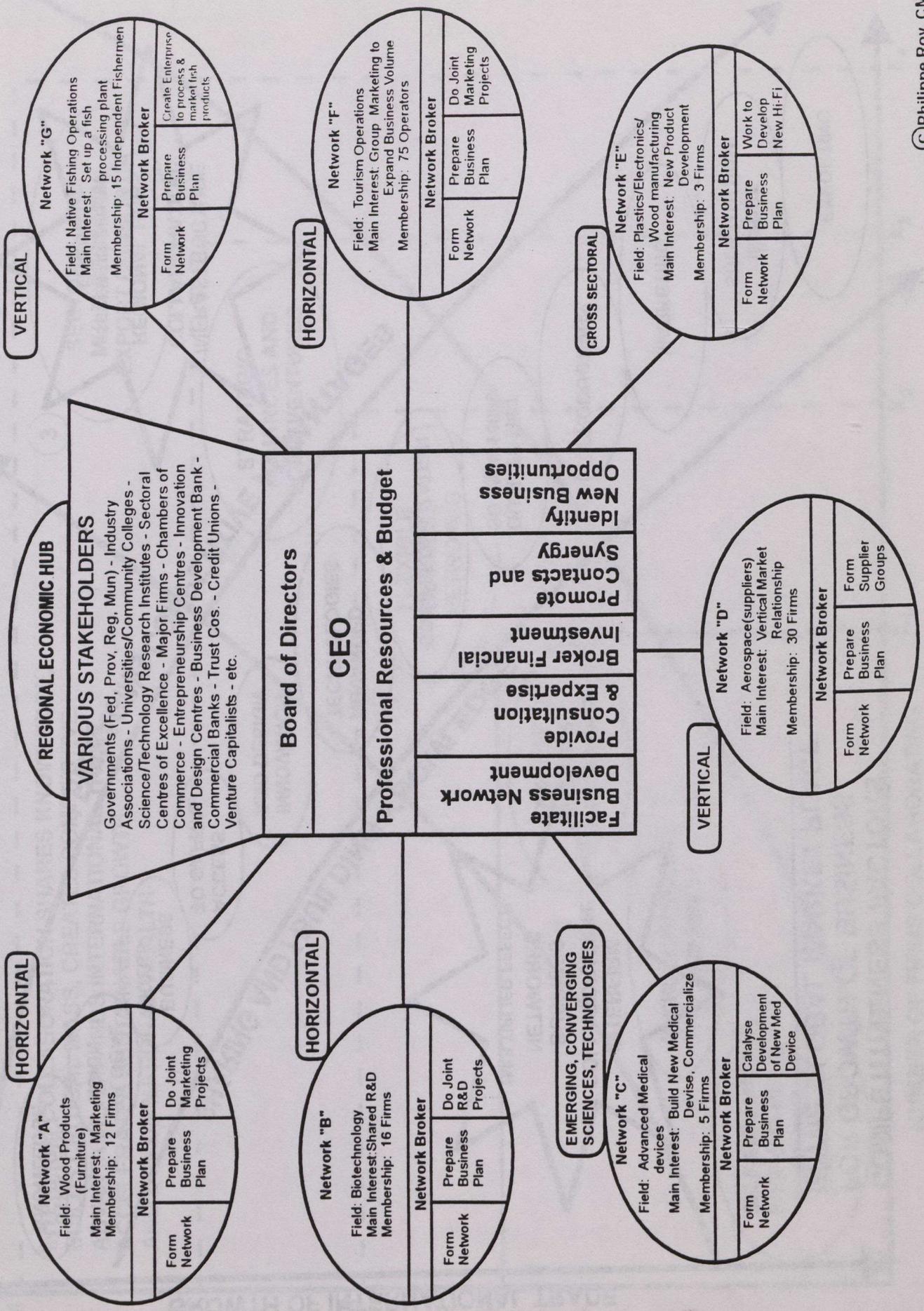
**COMPETITIVENESS FACTORS
FOR GROWTH OF BUSINESS
IN THE GLOBAL MARKET PLACE**



NUMBER OF FIRMS COLLABORATING:

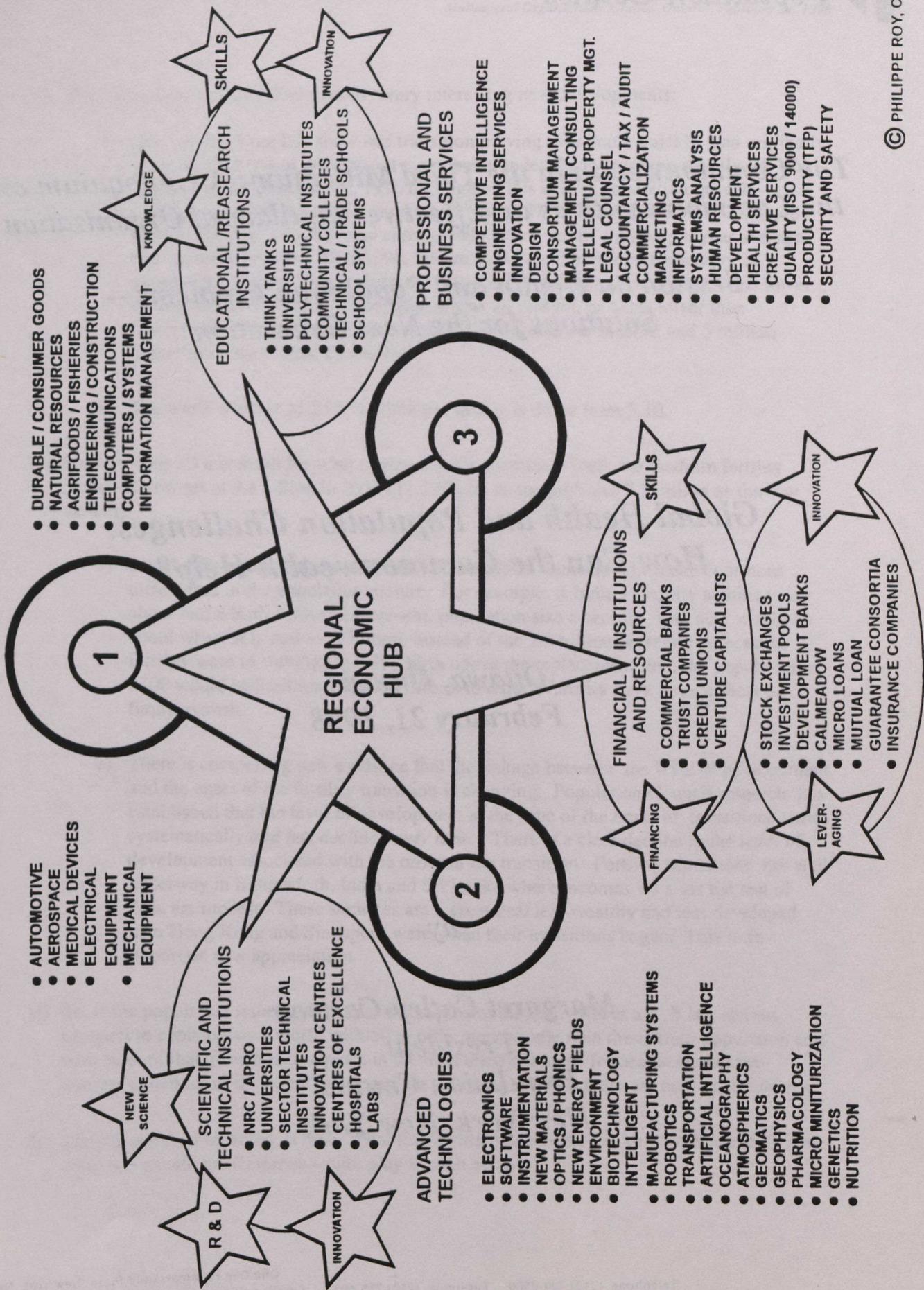
HOME-BASED BUSINESS, INDEPENDENT PROFESSIONALS, MICRO FIRMS, SMALL AND MEDIUM - SIZED FIRMS, BIG BUSINESS

REGIONAL ECONOMIC HUB SUPPORTING BUSINESS NETWORKS



REGIONAL HUB, CLUSTERS, BUSINESS NETWORKS: POWERFUL SIX-WAY ECONOMIC GROWTH MULTIPLIER

MANUFACTURING, PROCESSING, ENGINEERING, INFORMATION



*The Commonwealth in the Third Millennium: A Colloquium on
the Commonwealth as an Effective Multilateral Organization*

*Session on Health and Population Problems --
Solutions for the Next Generation*

*Global Health and Population Challenges:
How Can the Commonwealth Help?*

*Ottawa, Ontario
February 21, 1998*

by

*Margaret Catley-Carlson
President,
Population Council
New York, New York*

F) What's new about this? There are two very interesting new developments:

- 1) New reports from UN show this transition moving even more quickly than originally thought. The rate of growth, not the population levels, is dropping sharply. A UN release dated November 13, 1996 highlighted this slower population growth -- now growing at 1.48% per annum (much below the 1975-1990 average of 1.72 %) at 81 million per year, which is also considerably below the 87 million per year average that occurred between 1985-1990, known as the peak period in the history of population growth. This is about 1.8% in LDCs; .4% in industrialized. This lower growth means that the 1995 population was 29 million or 1/2% lower than forecasted in 1994: broken down it was 34 million lower in LDC and 5 million higher in industrialized countries.
- 2) The world average of 2.96 children per family is down from 3.10.

G) So what does all this mean for what is ahead in the forecast? Well, the medium fertility variant is now set at 9.4 billion in 2050 (11.1 billion as the high and 7.7 billion as the low variant).

- 1) Small differences in the post fertility stabilization numbers will make enormous differences in the population picture. For example, if India's fertility stabilizes at about half a birth *below* replacement, population size a century from now would be about where it is now -- .9 billion, instead of the 1.9 billion presently forecasted. If fertility were to stabilize at half a birth *above* the replacement rate, the population in 2100 would be 3 billion. Modest efforts to reduce fertility have large effects on future growth.
- 2) There is compelling new evidence that the linkage between the level of development and the onset of the fertility transition is changing. Population Council research has established that the level of development at the time of the onset of transitions varies systematically *and has declined over time*. There is a clear decline in the level of development associated with the onset of the transition. Fertility transitions are well underway in Bangladesh, India and Sri Lanka where incomes vis à vis the rest of Asia are modest. These societies are a great deal less wealthy and less developed than Hong Kong and Singapore were when their transitions began. This is an important new appreciation.

H) So, is the population issue 'over'? Has the explosion fizzled? Not at all. It is a serious prospect to contemplate a world with 50 to 60% more people than the current population and with most of that growth taking place in the next three decades. It does mean that the internal dynamics of the population issue are changing and that there are new opportunities.

I) The big question for today is this: What further thoughtful intervention is still needed? And what role should the Commonwealth play in such activity?

- C) The re-emergence of some old enemies have occurred over the past decade -- tuberculosis, malaria, dengue fever, among others in both the developing and the developed worlds. New transmission patterns and viruses have produced variant strains resistant to current prophylaxis treatments. These are probably going to continue to re-emerge with the ease of global travel, the speeding-up of telecommunications, and the heightening of global warming
- D) The spread of food linked diseases caused by new agricultural techniques has evolved from societies that ate food produced by known processors nearby to societies that eat food produced many thousands of miles away by unknown processors or various uncertified distributors. For example, in North America, several recent outbreaks of cyclospora found in raspberries grown in Guatemala underscore the volatility of food borne diseases that can wreak havoc in today's modern economies. Other similarly new threats could possibly be the result of new production techniques in the food industry altered by genetic manipulation and mutation, helped along by pesticides, fungicides, etc. -- mad cow disease, the Hong Kong flu, et al.
- E) The demographic transition will bring new challenges: by 2020 **non-communicable** diseases will account for seven out of 10 deaths in the developing world; today the toll is less than half.
- F) Mental illness is a rising problem with which the world copes badly not only in treatment and in understanding, but in acknowledgement as well.
- G) The powerful force of globalization and the consequent need to compete on a national basis with low taxes has moved every country to reduce or eliminate deficits and cut taxation. Since health care systems are often at least partly taxpayer funded, these systems have absorbed a large share of the deficit reduction impetus.
- H) The pressure on costs have never been higher. The more we discover we can do, the more systems are pressed to make technological advancements and pharmaceutical discoveries improving medicines to render relief more efficiently. While these are cost effective at the level of the individual, and often reduce therapeutic expenses, they are immediate cost drivers if looked at systematically.
- I) Canadians are among the healthiest people in the world, and have probably reached the health status where increases in health spending will have not produced commensurate increases in health status.
- Our society, as well as the medical profession in general, has encouraged the "medicalization" of social ills. It is less complicated than addressing the real problems. But it is precisely the breakdown in social factors such as housing, employment and education that lead to an increased use of the medical system.
 - The medical care system is made responsible for treating irritable bowel syndrome, fibrosis, headaches, low back pain, fatigue, low birthweight babies, and fetal alcohol effects that result from lifestyle behavioural ills. So where do we put investment to curb the rise of these undoubtedly medical problems?

- A) Health: We have, as a global community, come a fair distance on policy priorities. A synthesis of 10 major health analyses from WHO, the World Bank, UNICEF, UNDP, Commission on Health Research, Carnegie Commission and CIDA shows real convergence in the policy prescriptions.
- 1) The priorities assigned in the World Bank report are interesting. Under the section *Improve Government Spending on Health*, four priorities are listed:
 - Decrease government expenditure on tertiary facilities, specialist training and interventions that provide little health gain for the money spent;
 - Finance and implement a package of public health interventions to deal with substantial externalities surrounding infectious disease control, AIDS prevention, environmental pollution and behaviours (such as substance abuse and drunk driving) that put others at risk;
 - Finance and ensure delivery of a package of essential clinical services defined to each particular country's conditions; and
 - Improve management of government health services through such measures as decentralization of administrative and budgetary authority and contracting out of services.
 - 2) Although not perfectly, in a very real sense, the Canadian Government has followed this path discernibly. And these guidelines have certainly motivated the cut backs which declining budgets have brought about. Canadians have learned the painful lesson that we must collectively and continually redefine the priorities within our health care systems. And I believe that the fundamental priority should be the creation and maintenance of a society in which citizens are helped to live healthy lives, without disability, until the time comes when the question has to be posed on whether we are lengthening life or death.
 - I was in Ghana and Burkina Faso last month. Both of these countries are well toward the bottom part of the income spectrum and both struggle with enormous health problems. But both are trying to follow the broad lines of this policy prescription. They are decentralizing authority, trying to keep an emphasis on primary health and paying importance to the policy factors, as poor as they are. This is an important change.
- B) I think the Commonwealth can do good work by continuing to review the broad lines of the best approaches to Health Management at occasional senior level meetings, and supplement these by technical meetings on individual issues as these become pertinent and available.
- C) The Commonwealth niche may well be to exploit the fact that there is so much cross over of approaches to governance, and to take on issues that go right to the heart of these issues:
- how to decentralize and maintain central policies
 - how to manage ethical reviews

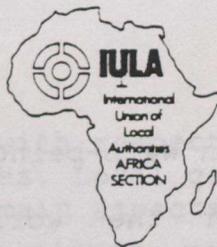
denied access to information and services; 100 million of those would prefer to space the next birth or have no more children if they had access to the resources allowing them to do so. The Commonwealth needs to join with other groups trying to make it seem normal and natural that this happen for all women within and outside its realm.

- 3) We want *Health Systems* focussed on areas of major need and we need to bolster the policy processes likely to lead to that result. For example, maternal mortality, unnecessarily high in many Commonwealth countries, could be greatly reduced if Safe Motherhood techniques were globally available to all who seek this aid.
- 4) We want 'later babies' -- girls having babies at a later age in life (e.g., as women) leads to healthier babies and thus lower infant mortality. For mothers aged 17 and under, the risk of death during childbirth is 2-4 times higher than for mothers aged 20 and above. Even in the more affluent Commonwealth nations teenage pregnancy has been on the rise. Britain has the highest rate in Western Europe and Canada's rate has increased more than 20 percent in over 10 years. We must give girls a chance to be educated, to find values and to find their own identity before they identify themselves exclusively as mothers. We want this because it would cause a decline in the maximum population the world will reach.
- 5) In terms of reproductive health issues, we want better quality of care because people, especially women, should be well-treated and given choices. This promotes more contraceptive prevalence, and therefore a better demographic outcome.
- 6) We want to meet unmet demand for family planning because it is wrong that women should have fertility which they do not want, which impedes them and their families from living better lives, and, most notably because there would be as much as 1.9 billion fewer people in our future forecasts if we started to address these needs seriously. For the sake of the planet and the health of the women and children (both born and unborn) on it, we have to act more earnestly about stopping the "too early, too often" birth pattern that still persists in many places.

I would like to conclude by saying there must be more engagement of these issues at all levels in the Commonwealth. There should be a real feeling of optimism for the task of bringing these issues forward into the Commonwealth agenda for future development. The doors to this path are swinging open -- we can push them further still and walk through to a better future. Quite worth the effort.

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(Africa Section)

COLLOQUIUM: THE COMMONWEALTH IN THE THIRD MILLENNIUM.

" Going into the 21st Century: Decentralisation, Democratisation and Empowerment at the Local Level"

Paper Presented by

Charles C Katiza, Secretary General: International Union of Local Authorities Africa Section (IULA AS":Ottawa,February 20-22,1998.

Introduction.

The ending of the 1990s has seen more changes to governance through the emphasis on decentralisation, participatory democracy, transparency, partnership development and other concepts including diversity, as globalisation becomes more topical. This means this change must be managed carefully in order to achieve our goals. The next millennium should ensure sustainability, consolidation and improvement of new ideas.

My vision as a practitioner is of a strong independent and self-sufficient local government sector in all nations, based on broad popular support, pursuing all its activities in accordance with the highest ethical standards of accountability and stewardship; a governing sector able and willing to lead the way towards a better world for us all to live in.

In the past few years we have experienced profound and unprecedented changes in our world. Democracy is sweeping like a tidal wave all around the globe (as once mentioned by Harold MacMillan with reference to decolonisation in Africa). Market economy and regional economic integration are tearing boundaries enabling free exchange of ideas, goods and people.

In the wake of this process, the number of voluntary organizations (NGOs) including inter-municipal associations of local government, has increased dramatically throughout the world. IULA perceives the local government national associations sector (such as FCM) as an important catalyst promoting democracy. We believe that the empowerment of local governments and their associations is a key to

the enhancement of human well-being.

The general trend in the world today is towards "human administration", greater participation and democracy at the grassroots. In this context democracy has become the most important legitimising force for democratic governance.

Historical Perspective.

The Commonwealth of Nations is one of the most important institutions striving to ensure that democracy and the rule of law thrive among its 53 member states spanning all the continents of the world. One third of its membership is located in Africa.

Commonwealth States cooperate in an effort to promote the basic principles such as democracy, fundamental human rights, the rule of law, the independence of the judiciary, just and honest government as demonstrated by the Harare Declaration of the Heads of State and Government Meeting (CHOGM), 1991.

We also note with pleasure that the Commonwealth African Heads of State and Government, at their CHOGM, held in Gaborone, Botswana, in February 1997 formerly recognised that effective local government was an important foundation for democracy; a position adopted by the larger CHOGM in Edinburgh, October 1997.

It is further noted that the Commonwealth continues to espouse democratic values in various forms including in the United Nations. However, it has yet to be proved that these declarations and statements of intent are implemented by our national governments. It has to be further confirmed in practice that Commonwealth Governments accept Local Government as a sphere of government as has been adopted by the Republic of South Africa. For how long shall local government be taken as a non-governing level?

This paper will cite some examples of the emerging good practice in Africa as well as the reverse situation in some cases.

Why Local Government?

Whereas local government has existed in Africa and elsewhere in the world even before national governments as we know them today; its acceptance and or recognition by national governments has taken different forms. It has often been seen more as a threat than an opportunity in most quarters, hence some national governments prefer to promote deconcentration rather than devolution of power and authority to local government institutions notwithstanding the proximity of local governments to the people whose interests we all purport to represent. Local government should be viewed as and it is indeed that type of authority, which is self-governing, autonomous, pluralistic and participatory in nature. Local government has primary jurisdiction in meeting the common needs of

individuals or the community with respect to their well being and happiness within its boundaries. Local government is both "local" and "government" and has two main aspects:

service delivery or provision in which case it can be viewed as a management, a productive and an administrative system; democratic self-government, when it is considered as a political system.

Nowhere has democracy worked well without a great measure of local self-government.

Local government is historically prior to central government and in democratic terms, superior to any other form of government since it is only at the local level that the individual can really participate in his or her own government. The basic values inherent in local government are liberty, equality and the welfare of the people. Hence the saying that local government "looks after you from pregnancy, birth, infancy and will bury you when you die"

In developing countries, central authorities have more readily downloaded functions to local governments than they have decentralised the implementation tools such as financial resources and qualified manpower to handle the decentralised functions more effectively. In other cases, countries operate deconcentrated systems where the budgetary allocations and staff are centrally controlled in every respect. This has made local government not only ineffective, but more of a mockery. The planning and implementation of development programmes (even if these fall within the parameters of the national development plan), they are subjected to rigorous approval processes which are very bureaucratic and costly for the taxpayer.

Another factor that has been observed as militating against conducive decentralisation and devolution of power, is associated with the attitude of central government staff who are not comfortable with the idea of relinquishing power to democratically elected local politicians and appointed officials.

Though one appreciates the recent CHOGM decisions in Harare 1991, Cyprus 1993, Auckland 1995 and Edinburgh 1997; it is important to note that both the Commonwealth governments and their people, have yet to accept the challenges that go with the Declarations they adopt. These challenges may be summarised as (

i) Enshrinement of local government in national constitutions as has been done by the Republic of South Africa and Uganda,

(ii) Ensuring that local governments are elected popularly and are accorded appropriate decision making powers commensurate with the

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functions they have to undertake;

(iii) Creation and decentralisation of a resource base to finance development programmes;

(iv) Unreservedly recognising local government as a sphere of governance capable of implementing effective development initiatives and giving them appropriate leeway for innovation;

(v) Removing unjustified control of local officials by decentralising the hire and fire responsibilities to local councils; and

(vi) Putting in place effective human resources development, training strategies and other forms of capacity building.

Though there are negative situations that exist in some Commonwealth countries i.e the manner in which local government is viewed and or treated; there are also some positive developments worth pointing out.

Some Emerging Local Government Practices in Africa.

After the ravaging civil war which crippled the economy, destroyed urban and rural infrastructure in Uganda during the Idi Amin era, which saw the total disruption of local government and the rest of civil society, the present government must be commended for the policies it put in place which include the constitutional recognition of local Government in the 1993 national constitution. This helped to overhaul the system. Today, the people of Uganda look more to local government for their needs than central government giving the latter ample space to deal with other pressing national issues than worrying about uncollected garbage and collection of dog licences or market fees.

Perhaps one of the major lessons to learn from the Ugandan example is the devolution of development resources to the districts. Resources collected in a particular locality are apportioned in a manner that a sizeable percentage is invested in the area.

Council officials who were appointed by the centre hitherto, and as such owed allegiance to the centre; there is now a process of localising appointments through the Local Authorities Service Commission. Uganda made bold decisions regarding the human resources development at the local level (both councillors and appointed officials); through exchange visits, decentralised cooperation programmes, local and externally based institutional training programmes. Local authorities were facilitated by government to visit progressive local government systems in Africa and elsewhere in the world in order to learn .

Another progressive approach of the Ugandan system is its gender sensitivity. It is government policy that there shall be +/- 30% of women on any local or central government structure or organ. However, attention needs to be drawn to the need to develop civic awareness programmes and the refinement and creating effective continual training and capacity building programmes.

There is no recognised conventional multi-party electoral system in Uganda. But the government has put in place an elaborate electoral process that operates from the cell to the municipal level, where the seats are contested as if the multi-party system was operative. The government commitment to decentralisation gives hope for the future in Uganda. At the rate development of the system is going, 20 years down the road, Uganda may be a very strong democracy to reckon with in Africa.

In Zimbabwe local government was set up in the 1900s (urban areas) and 1930s in the rural areas. Admittedly, the local, like the central government system during the colonial era, was racially segregative as was the case in South Africa and elsewhere on the continent. However, the institution continued to be respected up to and after majority rule when it was democratised. The new government accepted the importance of local government. Rather than abandoning it, the new rulers sought to improve it starting with urban centres.

One of the first steps was its democratisation. This meant the enfranchising of the black majority who had no vote before. The development budget now had to cover both high (where most blacks live) and the low-density suburbs, which were predominantly white. In rural areas, the democratisation aimed at amalgamating African Councils hitherto based on chieftainship - to form district wide local authorities that were more viable. The second step in rural areas was the amalgamation of the District and Rural Councils. (Rural Councils catered for white commercial farmers outside urban areas). The new Rural District Councils cater for all people (+/-75% of the population). The exercise was completed in June 1993. The establishment of Rural District Councils was followed by another very important policy aimed at developing the infrastructure and capacity of Rural District Councils (the Rural District Councils Capacity Building Programme (RDCCBP)). The RDCCBP is funded by various donors that include SIDA, the World Bank, ODA (UK), etc.

Among the critical areas to be addressed by the RDCCBP are : capacity building, development (especially infrastructure), financial management and development planning. Though there still are some teething problems arising from inappropriate strategies adopted, the principle has been accepted that RDCs must be strengthened to ensure there is effective development in the rural areas of Zimbabwe.

Infrastructural development has emphasis on road networks, water supplies, and growth points, which provide vital services and strengthen the rural economy. This does not mean reduction of attention on health and education. In the latter case, emphasis is now on quality rather than quantity.

The electoral system follows the multi-party approach. As a consequence, rural district and urban council elections tend to now attract more attention than national elections. A case in point is the recent Chitungwiza Executive Mayoral elections (28 and 29 December 1997) contested by the ruling ZANUPF Party candidate Joseph Macheke (MP) and independent Mayoral candidate Fidelis Mhashu (College Lecturer) which has been heralded as a test case for real democracy in Zimbabwe.

In urban areas, the most recent innovation (1995) is the creation of the institution of Executive Mayor in all Municipal Councils. Mayors in Municipal areas are elected popularly. Currently, a number of African countries are studying the system with a view to adopting it. The Executive Mayor is elected for a term of four years. The maximum an Executive Mayor can serve is eight years. As a result, a number of Parliamentarians are vying for the position.

Municipal authorities in Zimbabwe finance their operations from resources they generate locally such as property tax, service charges, loan funds borrowed mainly from Central Government and private sector institutions) under central government guarantee (i.e borrowing powers are sanctioned by government). Property taxation system in Zimbabwe is one of the best in Africa excluding South Africa especially with regards the law on property taxation and identification "Simon H Keith - Property Tax in Anglophone Africa, World Bank, 1993". This of course is not necessarily the case in rural areas and urban high density areas where the system is being developed.

Zimbabwe has however centralised the electoral system with effect from late 1997. Town Clerks are no longer Returning Officers as before. The Chitungwiza election was conducted by the National Electoral Commission. The registration process for candidates now follows the same procedure as national elections including payment of a deposit, which is forfeited if a candidate attracts less than 20% of the votes cast.

In terms of the future of local government in the Commonwealth, several policy issues ranging from the concept of decentralisation itself and its implication on governance and development have to be considered. In doing so, we need to address local government at two broad levels:

(a) **policy** - what are the functions to be devolved or are already

devolved. to local government; what is the impact on local government; what changes should be made to accommodate new functions or responsibilities and how can the policies be refined or improved. This of course requires research and lobbying.

(b) The second level will be **implementation**. National associations should be engaged in capacity building and development of strategies to implement new policy programmes. This entails provision of such services as training, research, operating procedures development, recruitment practices, procurement of equipment, etc. Central government may not be willing or able to do all this. National associations should be on the forefront hence the need to strengthen them as well. These policy issues include inter alia:

(a) **Finance**: The level of decentralisation and central-local government financial flows; property tax and general tax structure; property tax as an efficient and effective means to mobilise local government revenues; and how to improve the property tax system. Decisions on these policies do not require lip service often paid to the concept of devolved power. If property tax is not accepted, a viable and buoyant alternative has to be put in place.

(b) **Capacity Building** : This in the first instance is a responsibility of the centre, which invariably receives most of the credit when things are running well in the country. Central governments cannot shun away the responsibility for facilitating local governments, which they create through legislation. The argument that local authorities cannot be entrusted with authority to make decisions is a retrogressive attitude that belongs to the heyday of the "development administration era" promoted in Africa after the second world war. At any rate, local government national associations must even be more interested in the capacity building activity to support municipal government effort.

(c) **Establishment of Integrity Systems**: central government officials have often labelled Local Governments as corrupt. In fact the reverse is true for corruption at local level is only symptomatic of the corruption at the centre. Experience has shown that it is easier to stamp out unethical practices at the local level than it is to reduce malpractice at the centre. More so, decision making at the centre is not as transparent as it is at the local level. It is therefore necessary that commonwealth governments address this issue. In fact most of the corruption in Africa is imported. The malpractice by people wanting to win contracts (especially multi-national corporations) in Africa has tended to entrench bribe as part of our culture, which is not the case. Developed Commonwealth member states should therefore refrain from or be induced to double standards.

(d) **Entrenchment of Local Government in national constitutions:**

Whether a country has a constitution or not, democracy would require that there be appropriate legislation that ensures that individual gatekeepers do not temper with the law of the nation. The example of South Africa and Uganda is something that any serious government committed to promoting local democracy should emulate. In fact there is a lot that commonwealth governments have to do in order to empower communities beyond the "Declarations rhetoric". At present the trend is to make decisions but without a binding system that ensures implementation of such decisions.

Conclusion.

In conclusion, I urge that as commonwealth countries are engaged in developing sustainable local government systems, we should commit ourselves to the application of the following guiding principles for sustainable development that have been derived from expressed concerns of local communities world-wide:

- * An integral, cross sectoral approach that includes, economic, ecological and social concerns.
- * Participation and transparency, that involves all major groups of society (as well as participants that do not necessarily belong to formal or informal organisations) in local government planning and makes information about sustainable development easily accessible to the general public.
- * Partnerships that build collective responsibility into planning, decision making, problem solving, project implementation and evaluation. These should essentially include a global dimension of North/South and global local links that forms an integral part of local activities.
- * Accountability that holds that all stakeholders are answerable for their actions.
- * A systematic approach that addresses the underlying causes of problems and the entire systems that are affected rather than just problem symptoms.
- * Equity and justice, that provide opportunities and human rights that are essential to sustainable social and economic development.
- * More importantly, we must commit ourselves to sharing our experiences and learn from one another via international municipal cooperation in partnership with our national, regional and international associations of local government.
- * The impact of globalisation, urbanisation and economic growth on local government in the commonwealth.
- * Urbanisation and macro economic reforms.
- * Urban development planning in developing commonwealth states, financing urban development and infrastructure.
- * Local government politics and governance.
- * Financial management, investment evaluation, managing urban systems and strategic planning in urban management.

We know that funds for a worthy cause - whether social, medical, environmental, religious or cultural - can be raised from both public and private sources in every single country on earth. We also know that it is still difficult for some of these sources to appreciate that local government is a worthy cause even though it looks after them from the cradle to the grave. In some continents, commerce and industry as well as trusts and foundations are approachable to give support to local government. However, this situation cannot be taken for granted in the developing commonwealth states in Africa.

I thank you.

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EDUCATION: A NEW VISION

Notes for remarks by

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to the Colloquium on

The Commonwealth in the 3rd Millennium

an initiative of the

Royal Commonwealth Society (Ottawa Branch)
in collaboration with the RCS Canadian National Council

February 20-22, 1998

Ottawa

In our lifetime our planet has undergone one of the most dramatic transformations in its history. It has moved from the aftermath of the industrial revolution to a new era in which knowledge, information and new technologies shape our lives. Yet, despite the scientific and technological changes that have swept the world, over one billion people in the developing countries are engulfed in abject poverty and nearly one billion are illiterate.

The world faces formidable challenges as our planet stands on the threshold of a new millennium. As the UNESCO Commission on Education for the 21st Century (the Delors Report) noted, about one fifth of the globe is illiterate with increasingly dysfunctional school systems where the need is greatest. Furthermore, the numbers are growing – 6.2 billion people by 2000. Countries least able to support the burgeoning populations under 15 years of age have the highest growth rates, are the least equipped to educate, to provide jobs and to assure adequate health and social services. The resulting rapid urbanisation with its attendant exploitation of cheap labour, increased crime, violence and environmental devastation cries out for efficient educational reform and expansion.

The compelling implications for education are recognised by political leaders who understand the critical role of modernised education systems in the advancement of their societies. According to an Australian development agency some 150 million young people, mainly from developing countries, will seek access to tertiary education by the year 2025. Many more wishing to upgrade their skills will strive for admission to post-secondary institutions in the countries of the industrialized north. It is estimated that this educational demand will require the construction of one new university every week for the next 20 years. To remain competitive nations will require preparation for new kinds of employment as well as workforce re-training. Moreover, the continuing pressures for equality of opportunity will require nations to transform themselves into *learning societies*. Post-secondary educational facilities must be widened to reach those once considered unreachable.

Educating the one billion children lucky enough to find a place in classrooms and the 60 million students at universities and colleges might cost about \$1 billion dollars. What then would be the cost of:

- providing literacy education to some 900 million adults world-wide;
- making basic education available to 1 billion children;
- re-skilling, retraining and keeping current a world-wide workforce of over 2 billion people who will most likely be working till 2025;
- enabling some 700 million youth to be economically productive; and
- making tertiary education available to no less than 150 million adults who desire it.

The cost of doing this will be high but the cost of not doing it will be far higher.

Governments must look beyond conventional approaches to create systems that deliver mass post-secondary education and training comprehensively and inexpensively. Fortunately, distance learning and new technologies have brought this challenge within our grasp. They have given us new tools for human resource development – namely the open learning institutions in the North and in the South. For the first time in history we possess the means to reach almost every community on our planet in a single moment. This challenge prompted the Commonwealth Heads of Government to create The Commonwealth of Learning in Vancouver, the only Commonwealth agency to be located outside Britain. Since its creation ten years ago it has mobilized efforts in the Commonwealth, which comprises one quarter of the world's population to give access to knowledge to millions who were unreached or unreachable by conventional education systems.

The technological revolution is affecting many facets of economic and social relations. The London Economist has referred to the “death of distance” as the greatest force changing and shaping our society. At the Commonwealth of Learning, for instance, our programming achievements in non-formal education through a combination of talent,

human skills, knowledge and broadcasting technology include providing functional literacy in Ghana, agricultural extension in Jamaica and teacher education in the Maldives.

In formal education, while the capacity to reach millions through interactive media is not yet here, the efforts of the Open Schools of India and New Zealand and the Open Universities of Pakistan, Thailand, Indonesia, the U.K. and Canada in reaching hundreds of thousands of students demonstrate what is possible. Recent reports by the World Bank, OECD and UNESCO predict that in the next decade distance education will be the most important mode of delivery for learning throughout life and for life but it should not be done in isolation.

To profit from research and experiments in distance education, educational organisations might profitably join forces with other countries' visionaries and collaborate with UNESCO, the International Telecommunications Union and the United Nations Economic Commission for Africa, to promote and support the 1996 African Information Society Initiative. This initiative is a worthy model - it targets the development of an Information Society as the key economic strategy for the African region (Hall, 1997:14). It includes cabinet level policy proposals that would lead to empowerment of all sectors – *by 2110 all rural women and children will have access to information through telecommunications and computers.* (ibid)

Electronically linking traditional institutions should improve their morale, motivation and academic drawing power as well as their knowledge pool. However, faculty need to be enthusiastic users of the technology and able to serve real needs with it if its value is to be felt. There is a tendency to import inappropriate software and confuse the availability of “hypertext links with the provision of interactive learning. In reality, exploring unstructured connections between unmediated sources of information could be quite contrary to teaching goals”. (Hall, 1997:23)

The growing demands for more education, the lack of financial and, more importantly human resources, the erosion of quality in education systems, and the demands of the knowledge era for skills are propelling political leaders to crusade for educational reform – including making access to learning an easier process. Those with responsibility for developing skills and knowledge to meet national needs – in the arts, science, business, agriculture, technology and administration – are resorting to new and old technologies for this purpose in both developed and developing countries. Increasingly, educational institutions have taken education to their students regardless of the barriers of space, time, prior knowledge, gender and affordability. They are active in sectors as diverse as literacy programmes (Allama Iqbal Open University in Pakistan) to doctorates in education (The U.K. Open University). Some have only a few thousand students (University of Papua New Guinea) compared to others with as many as 400,000 students (Indira Gandhi National Open University). Some have been in distance education for about 50 years (University of South Africa) and others are brand new such as the University of Sarawak in Malaysia. Their offerings in distance education include courses from family medicine to philosophy, from computer science to art history, from communication technology to English language and literature. However, their effective reach remains inadequate.

Communications and information technologies that are coming into vogue possess enormous potential in educational delivery. Technology, however, does not teach. It enables the delivery of teaching and shifts the responsibility of learning from the teacher to the learner. This requires governments and agencies such as the World Bank, UNDP and the Regional Banks to bring distance learning into their sights, to give it a higher priority and to create an environment in which it can be used effectively. They can do so in the following ways:

- ensuring that the normally low status of Education Ministries be elevated to be on a par with, e.g., Defence Ministries with the attendant improvement in resources;
- creating a policy framework for open and distance learning to become an integral part of a nation's education base as has been done in India and South Africa;
- encouraging minimal standards of good practice for those involved in the delivery of open and distance learning as in Hong Kong – with the needed practical training, planning and independent evaluation;
- creating pathways for the free and easy movement of credits and credentials across the education system as in Canada; and
- requiring international donor and lending agencies and recipient governments to demonstrate a commitment by including open and distance learning in the educational planning framework of a country.

One of the major challenges is to persuade the educational establishment that distance learning is an opportunity that adds a new dimension to the educational process.. Universities must be more hospitable than they have been, and better equipped, to integrate distance learning into their systems so that it is part of the mainstream. They can help widen access to education and improve its quality. It will not only strengthen their capabilities but it will also enhance their place in the community by making them more responsive to its needs.

If distance teaching universities and colleges are to succeed in accomplishing the country's most important economic task they must be equipped with teachers who are practical experts. They must have manifest ability to design the structures required for learner-oriented presentation of information, the interactive sessions so crucial to student learning, e.g., in a classroom extended by functioning technology to outlying centres. This means identifying the best of committed teachers and equipping them with facilitating skills. It means teaching them to use, and demonstrate in practice, an

inductive approach – to listen intently, synthesise information and ideas, to encourage, stimulate and control discussion and interaction between and within sites. (Khan, 1996:3)

Well-trained, effective, distance educators also have another role to play. They have to be more persuasive and forceful in marketing their capabilities and to connect with other sectors. They must inspire confidence in their worth and become energetic missionaries in bringing distance learning to the forefront of a knowledge-driven era.

There is another reason why distance learning and new technologies are important. They can help to create the educated citizenry necessary to develop and sustain open democratic societies. This will not be easy and the cost of doing so will be high. However, the cost of an uneducated population will be far higher.

The societal impact of basic education is evident in comparing India, a market-driven economy with her neighbour, China, a labour-driven command economy. While China emphasised primary and secondary education, India expanded its university sector at a rapid rate though at relatively low cost. By the 1980s, about 72% of the Indian labour force 25 years or older had no schooling versus 44% of the Chinese labour force. In other words the proportion of China's workforce with primary education was over three times that of India's labour force and almost twice the proportion of the Chinese labour force had attended secondary school. At the university level, the proportion of India's labour force is about 4 times that of China.

Distance education entities of the future will practice a variety of expanded skills and employ a range of programmes and technologies from franchises at traditional campuses serving the science, technology and business science needs of those able to pay, to the subsidised, specially tailored programmes directed to learning centres during non-working hours. But they will succeed only with a political commitment to serving their nation's learning needs – the necessary financing and infrastructure.

Distance learning is not a panacea for all the ills facing education. Nor can we ignore that it has not always worked. Sometimes the environment was inhospitable or even antagonistic to it; at other times the human and technological infrastructure necessary for its success were not present. It requires both commitment and trained people as well as technology that is appropriate, affordable and accessible. Conventional and distance education have to work together and harness their respective capabilities. For they can do together what they cannot achieve working separately.

COL President, Dr. R. Dhanarajan, has referred to distance learning as “the educational wave of the future”. It is the means for the developing countries to enable their peoples to advance to higher standards of living and to move forward to the next millennium with confidence. We can fashion a new global community in which illiteracy is banished and the world’s peoples can shape their own future. Biblical teachings tell us that “where there is no vision the people perish”. It is a time for vision and no generation has been better equipped than ours to provide that vision.

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**Vision of the Future
The Commonwealth at the Municipal level of the Caribbean**

Prepared by:
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INTRODUCTION

We have been impressed, and in some cases, inspired by the fervent desire of very many people thought the Caribbean and in the Commonwealth to a lesser extent to integrate their lives more closely in the future and to a greater practical advantage through the institution of local government. Our very presence here today is a start in identifying and analysing both the obstacles that stand in the way of such closer integration and the opportunities which we can grasp to overcome such obstacles and assure a more effectively integrated Local Government System in the coming millennium.

This submission is but a "VISION OF THE FUTURE." It will identify some themes, concerns, and Issues; however, it may indicate some directions. It is hoped, however, that this submission might actually assist in furthering proposals relating to the effects and the role the Commonwealth may have played at the Municipal level in the Caribbean Region.

It would be prudent that all ideas should be allowed to contend. Thus, in order to make a reality of this expectation, there should be wide consultations - government, political parties, trade unions, private sector, religious bodies, professional groups, academics along with the economic, social and cultural aspects of the Caribbean Region in the task of consideration afresh the major challenges facing the local government authorities in our region. Therefore, "LET ALL IDEAS CONTEND" be our watchword.

ORIGIN/MANDATE

IN CONSIDERING THE ROLE THE COMMONWEALTH HAS PLAYED AT THE MUNICIPAL LEVEL, IT MUST FIRST BE POINTED OUT TO THE HISTORIC CHALLENGES WHICH HAS BEEN UNDERTAKEN IN THE SOVIET UNION, THE FAR REACHING IMPLICATIONS OF THE FORMATION OF A SINGLE EUROPEAN MARKET AND THE BIRTH OF A FREE TRADE AREA BETWEEN CANADA AND THE UNITED STATES OF AMERICA.

AGAINST THIS BACKGROUND OF HISTORIC CHANGE AND HISTORIC APPRAISAL THE CARIBBEAN COULD BE IN DANGER OF BECOMING A BACKWATER, SEPARATED FROM THE MAIN CURRENT OF HUMAN ADVANCE INTO THE TWENTY-FIRST CENTURY.

IT ALSO SUMMONS ATTENTION TO THE DRAMATIC CHANGES IN THE INTERNATIONAL ENVIRONMENT AND THE COMMONWEALTH AND THEIR IMPLICATIONS FOR THE CARIBBEAN.

IT IS IN THIS CONTEXT OF RECOGNITION BOTH OF THE IMPORTANT CHANGES OCCURRING INTERNATIONALLY AND THE HEIGHTENED SENSE AMONGST CARIBBEAN PEOPLES THAT THEY SHARE A COMMON IDENTITY THAT WE SHOULD PREPARE BETTERMENT IN THEIR CONDITION OF LIFE, TO ACHIEVE THEIR FULL POTENTIAL AS FREE PEOPLE RESPONSIBLE FOR THEIR OWN DESTINY, AND TO IMPROVE THERE RECHONS PLACE IN THE COMMUNITY OF NATIONS.

FIRST OF ALL, WE MUST TAKE INTO ACCOUNT DEVELOPMENTS WHICH ARE NOT ENVISAGED. WE HAVE HEARD OF THE ESTABLISHMENT OF THE GROUP OF THREE, COMPRISING TRADE CO-OPERATION ARRANGEMENTS BETWEEN COLUMBIA, MEXICO AND VENEZUELA; THE LAUNCHING OF AN INTEGRATION GROUPING OF THE SOUTHERN ZONE COUNTRIES OF LATIN AMERICA; AND THE DECLARATION OF THE ANDEAN PACT COUNTRIES. AND, ASSUREDLY, THERE WILL BE OTHER SURPRISES BEFORE THE YEAR 2000.

ALL THESE SEEM TO BE RESPONSIVE RIPPLES SET OFF BY UNDER GLOBAL DEVELOPMENTS. THUS, THE CARIBBEAN WILL NOT BE LEFT UNDISTURBED BY THIS PROCESS AND IT NOW FACES A SERIOUS CHALLENGE OF IMMEDIATE ENHANCEMENT OF COLLECTIVE CAPACITY FOR RATIONAL RESPONSE TO THE CHANGES UNFOLDING AROUND THEM.

WE MUST TAKE ACCOUNT OF THE CHANGES THAT HAVE TAKEN PLACE, BOTH WITHIN AND BEYOND OUR REGION, IN NEARLY TWO DECADES. THOSE CHANGES COMPEL OUR ATTENTION. THEY IMPACT ON VIRTUALLY EVERY ASPECT OF CARIBBEAN LIFE AND RAISE QUESTION ABOUT THE ADEQUACY, EVEN THE VALIDITY, OF THE GOALS. IN THIS RESPECT IT WOULD BE RIGHT TO SAY AT THIS STAGE THAT THE CHANGING WORLD ENVIRONMENT, BOTH ECONOMIC AND POLITICAL, HAS REINFORCED THE CASE FOR, AND ADDED ELEMENTS OF COMPULSION TO, THE REGION'S ASPIRATIONS FOR UNITY AND IT FUTURE FOR LOCAL GOVERNMENT IN THE CARIBBEAN.

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THE EXPERIENCE OF THE 1970'S AND THEREAFTER HAS DEMONSTRATED THAT THE REALITY OF OUR DIVERSE REGION MAKES IT ALL THE MORE COMPELLING TO BRING TO REGIONAL AFFAIRS THE COHESION OF LOCAL GOVERNMENT AUTHORITIES.

THERE IS SOMETHING PRECIOUS WHICH HAS ALWAYS DISTINGUISHED THE CARIBBEAN PEOPLES FROM THE REST OF THE INTERNATIONAL COMMUNITY: IF ANY REGION ON EARTH HAS PROVEN THAT PERSONS OF VARIOUS ETNIC AND CULTURAL HERITAGES CAN COME TOGETHER TO FORM A WHOLE WHICH IS POTENTIALLY GREATER AND STRONGER THAN ITS CONSTITUENT PARTS, THAT REGION HAS TO BE THE CARIBBEAN. TO DENY OR IGNORE THE CONTRIBUTION OF ALL OR ANY OF THE CORMOPOLITAN CARIBBEAN'S PEOPLE WHETHER OF PREPONDERANTLY AFRICAN, EAST INDIAN, EUROPEAN, CHINESE OR OTHER ANCESTRY, OR THE INDIGENOUS PEOPLE, IS TO SURRENDER FAR TOO EASILY SOMETHING HOWEVER DIFFICULT IT AT THE CARIBBEAN HAS TO BELONG TO THE FAMILY OF MANKIND AT LARGE.

AS INDEPENDENT NATIONS WE HAVE FAILED TO ACHIEVED SIGNIFICANT SELF-DETERMINATION OF OUR ECONOMIC FORTUNES, EVEN IN THE FEW CASES WHERE ECONOMIC PERFORMANCES HAVE BEEN SATISFACTORY. GENUINE ECONOMIC INITIATIVES BY THE CARIBBEAN REQUIRE THAT THE REGION HARNESS THE HUMAN RESOURCES, SKILLS AND TALENTS OF THE ENTIRE ENGLISH-SPEAKING AREA AS WELL AS OUR NATURAL ENDOWMENTS. ALREADY IT IS CLEAR THAT

THOSE FIRMS AND INSTITUTIONS WHICH HAVE THE CAPABILITY TO MEET THE CHALLENGE OF INTERNATIONAL COMPETITIVENESS ARE THE ONES WHICH OPERATE ON A REGIONAL-WIDE BASIS. THERE IS AN URGENT NEED TO REMOVE BARRIERS TO SUCH REGIONAL ENTERPRISE AND TO ENCOURAGE THE SHARING OF FINANCE AND TALENTS IN AN EFFORT TO INTEGRATE LOCAL GOVERNMENT AT COMMONWEALTH LEVELS.

IN THE CULTURAL SPHERE ANXIETIES ARE WIDESPREAD ABOUT THE THREAT TO CARIBBEAN CULTURAL IDENTITY POSED BY THE IMPACT OF SATELLITE TELEVISION. IN RELATION TO SECURITY, THE DANGERS TO SYSTEMS OF LOCAL GOVERNMENTS AND JUSTICE ARISING FROM THE GROWTH IN CROSS-BORDER TRAFFIC IN DRUGS, NOT TO SPEAK OF THE SOCIAL IMPACT OF REGIONAL CONSUMPTION OF THOSE DRUGS, NOT TO SPEAK OF THE SOCIAL IMPACT OF REGIONAL CONSUMPTION OF THOSE DRUGS THEMSELVES, CREATE A SITUATION WHERE GOVERNMENTS ARE FACING THE RISK OF LOSING CONTROL OVER THEIR JURISDICTIONS. THE GROWTH OF THE DRUG TRADE IS IN A WAY RETURNING THE REGION TO THE COLONIAL SITUATION WHERE THEY WERE NOT ENTITIES IN THEMSELVES BUT MERELY PLACES FOUND CONVENT FOR THE PURSUIT OF COMMERCE. THEREFORE, IT IS IMPERATIVE THAT THE LOCAL GOVERNMENT AUTHORITIES OF THE CARIBBEAN AND THE COMMONWEALTH SHOULD WORK TOGETHER IN AN ENDEAVOUR TO HARNESS OUR RESOURCES TO ARREST THE CURRENT SITUATION.

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IN LOOKING TO THE FUTURE OF LOCAL GOVERNMENT IN THE CARIBBEAN REGION WE SHOULD APPROACH OUR TASK IN A WHOLLY FRAGMATIC WAY, MINDFUL THAT CARIBBEAN PROBLEMS ARE ALMOST BOUND TO REQUIRE CARIBBEAN SOLUTIONS. WE CAN BENEFIT FROM INTEGRATION EXPERIENCE OF OTHER COMMONWEALTH COUNTRIES; AND WE WILL NOT HESITATE EITHER TO BE INVENTIVE AND, MOST OF ALL, TO BE REALISTIC IN TERMS OF THE CAPABILITIES OF OUR REGION, AS CARIBBEAN PEOPLES, IN OUR EFFORTS TO DECENTRALISE GOVERNMENTS ADMINISTRATIVE AND OPERATIVE SYSTEMS IN AN EFFORT TO GIVE MORE AUTHORITY AND COMPETENCE TO THE LOCAL GOVERNMENT AUTHORITIES.

IN THIS EFFORT, IT MUST BE UNDERSTOOD THAT ON TOO MANY OCCASIONS PERSONS HAVE USED THE VEHICLE OF LOCAL GOVERNMENT FOR SELFISH POLITICAL AGENDA AND ASPIRATIONS AND IN THE END, BROUGHT SUSPICION AND DISTRUST BY PERSONS IN THE COMMUNITY.

THEREFORE, THERE IS NEED TO REVIVE CONFIDENCE IN THE COMMUNITY SO THAT PERSON COULD VIEW THE LOCAL GOVERNMENT AS A VEHICLE FOR SELF-DETERMINATION AND AN OPPORTUNITY TO BEGIN THE DECENTRALISING PROCESS OF HIS GOVERNMENT.

ELEMENTS OF CHANGE

THE VIRUAL ABSENCE OF EFFECTIVE MACHINERY FOR IMPLEMENTATION OF REGIONAL DECISIONS HAS BECOME A MAJOR IMPEDIMENT TO THE PROGRESS OF THE INTEGRATION OF LOCAL GOVERNMENT AUTHORITIES.

THE CARICOM SECRETARIAT HAS NOT BEEN ENDOWED WITH THE AUTHORITY TO IMPLEMENT DECISIONS. IT IS THE ADMINISTRATIVE ORGAN OF THE COMMUNITY. ITS PRINCIPAL TASK IS TO FACILITATE DECISIONS BEING REACHED. WHILE THERE ARE DEFICIENCIES WHICH NEED TO BE REMEDIED IN THE SECRETARIAT AND OTHER REGIONAL ORGANIZATIONS, THE REASON FOR THE INADEQUATE IMPLEMENTATION LIES SUBSTANTIALLY WITH NATIONAL GOVERNMENTS AND THE ABSENCE OF MACHINERY THAT LEAVES IMPLEMENTATION AT THE HANDS AND MERCY OF POLITICAL, ADMINISTRATIVE AND LEGISLATIVE PROCESSES IN THIRTEEN CAPITALS.

FOR A VARIETY OF REASONS, THE VERY BEST OF DECISIONS TAKEN WITH THE VERY BEST OF INTENTIONS REMAIN UNIMPLEMENTED. THE RESULT IS IMPERFECT PERFORMANCE OF THE COMMUNITY MACHINERY, DELAYED ADVANCEMENT OF THE PROCESS OF INTEGRATION AND OF LOCAL AND MUNICIPAL AUTHORITIES.

THEREFORE, IN AN EFFORT TO FULLY INTEGRATE LOCAL GOVERNMENT AUTHORITIES IN THE CARIBBEAN AND TO CONSIDER THE ISSUES WHICH HAVE INFLUENCED THE RELATIONSHIP WITH OTHER COMMONWEALTH COUNTRIES EFFORTS MUST BE MADE TO IMPLEMENT SOME OF THE FOLLOWING:-

- I) **COMPLETION OF IMPLEMENTATION OF A CARIBBEAN ASSOCIATION OF LOCAL GOVERNMENT AUTHORITIES, BY ENACTMENT OF NATIONAL LEGISLATION TO GIVE EFFECT IN THE NATIONAL LAWS OF MEMBER STATES;**
- II) **FACILITATION OF FREER TRAVEL WITHIN THE REGION SO THAT THERE CAN BE EXCHANGES OF IDEAS OF VARIOUS PROGRAMMES RELATING TO LOCAL GOVERNMENTS;**
- III) **AGREEMENT AND IMPLEMENTATION OF ARRANGEMENTS FOR JOINT CO-ORDINATED EXTERNAL REPRESENTATION OF MEMBER STATES AND THE COMMONWEALTH;**
- IV) **ESTABLISHMENT OF A SYSTEM FOR MUTUAL RECOGNITION FOR A COMMON SYSTEM;**
- V) **IMPLEMENTATION OF A PROGRAMME OF LAW REFORM TO REMOVE THE LEGAL INEQUALITY OF WOMEN WHERE IT EXISTS USING LOCAL GOVERNMENT AUTHORITIES IN THE REGION TO IMPLEMENT SUCH REFORMS;**
- VI) **THE TWINNING OF CARIBBEAN LOCAL AUTHORITIES WITH THOSE OF THE OTHER COMMONWEALTH COUNTRIES;**
- VII) **PROCUREMENT OF TECHNICAL ASSISTANCE FROM THE COMMONWEALTH TO RESTRUCTURE AND IMPROVE THE LOCAL GOVERNMENT SYSTEM;**

- VIII) THE IMPLEMENTATION OF JOINT PROGRAMMES IN SELF-HELP,
CO-OPERATIVES, AGRICULTURE AND YOUTH TRAINING;
- IX) COMBATING DRUGS AND THE DISSEMINATION OF INFORMATION AND
COMMENCING AT THE LOCAL GOVERNMENT LEVEL WITH ASSISTANCE
FROM THE COMMONWEALTH COUNTRIES OR RATHER MUNICIPALITIES, AND,
- X) THE ESTABLISHMENT OF A COMMONWEALTH LOCAL GOVERNMENT AUTHORITY.

IT IS STRONGLY URGED THAT THIS CONFERENCE COULD CONSIDER BRINGING THESE AND OTHER
MATTERS INTO FRUITION.

CONCLUSION

We need a more positive mind which does not ignore that too rapid a widening of the Community could

slow down the deepening of the integration process of the Local Government Authorities. We must

also recognise as well that the widening of our Community is necessary both in itself and for enlarging

the gains of integration. This will spur us to action in strengthening the bounds of integration between the

Caribbean and the Commonwealth.

This dual track approach may produce differing levels of integration within a single Caribbean Community; it may produce circles of local government associations within the Caribbean

Community and a still larger circle of closer relations with countries of the Commonwealth. We believe

that we have to be confident of both our identity and our capacities and be ready to take a lead in the

creation of a real integrated local government system.

The future of the region is certainly not a matter of doom and gloom. There are elements of potential for

development which given a bias for hope than despair.

The crucial factor is that success in nearly all the areas of hope can be substantially enhanced by effective commonwealth unity.

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